

TREASURY DEPARTMENT
BUREAU OF WAR RISK INSURANCE
DIVISION OF MILITARY AND NAVAL INSURANCE

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FAMILY ALLOWANCES, ALLOTMENTS, COMPENSATION, AND
INSURANCE FOR THE MILITARY AND NAVAL FORCES OF
THE UNITED STATES PROVIDED UNDER ACT OF CON-
GRESS APPROVED OCTOBER 6, 1917

Explanation submitted by Hon. Julian W. Mack, of the provisions of the Military and Naval Insurance Act, presented at a conference of officers and enlisted men of the Army and Navy, held in Washington on October 16, 17, and 18, 1917

This explanation has the full approval of the Bureau of War Risk Insurance

William C. De Lany

Director of the Bureau of War Risk Insurance

Approved:

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Secretary of the Treasury



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SCOPE AND MEANING OF ACT OF OCTOBER 6, 1917, PROVIDING FOR FAMILY ALLOWANCES, ALLOTMENTS, COMPENSATION, AND INSURANCE FOR THE MILITARY AND NAVAL FORCES OF THE UNITED STATES.

HON. JULIAN W. MACK.

HON. JULIAN W. MACK. Mr. Chairman and gentlemen, I think that it would be well for all of you to read through the bill. I assume that very few of you are lawyers, and it may seem to you highly technical. And yet you will have to read it through, and you will have to read it through a great many times, so you might just as well begin right now. While you can't grasp it at a first reading, and probably won't grasp all of the details at a tenth reading—none of us have been able to do that—yet you must thoroughly acquaint yourselves with the words and the interpretation of the act, and with all of the bulletins that are going to be sent out by the bureau explanatory of the act, if you are to perform the duty for which you were called here. The essential purpose of this meeting is to acquaint some men from each cantonment as thoroughly as may be possible in a three days' session, of course relying primarily upon their own efforts to acquaint them with the purpose and scope of this bill, not, however, for their own good, but that they may be torchbearers to their fellows in the various camps and cantonments.

The bureau purposes, of course, sending out literature, but there is nothing like the human touch and the human word personally delivered to bring to men a message such as this, for it is a real human message. It aims to do justice to the men. The underlying thought of the framers of this act, the underlying thought of the Secretary of the Treasury in advocating this act, and the underlying thought of Congress in enacting the law in the shape in which it has emerged, has been this: That a fair and reasonable measure of justice to the men and to their families is the least that is due them from the entire people represented by the Government. And it is that thought that we are going to endeavor to bring home to you, that thought which we hope through you to bring home to every man in the military or naval forces of the United States; because unless the men thoroughly understand the fundamental principle of this act, they won't take advantage, as we want them to take advantage, of all of the benefits and privileges that the act grants to them.

Now, gentlemen, I have the one distinct purpose of trying as best I may to acquaint you with this law, acquaint you with it fully, and then to answer the doubts and difficulties that will naturally present themselves to you. It is not at all easy to grasp a law that covers so many different things as this does and that is so detailed in its provisions as this necessarily had to be. And yet it is absolutely essential for you to understand not only the broad outline but every single detail of most of the sections of the act.

But, before starting on an explanation of the law, it behooves me without the slightest degree of undue humility to say that the remarks that were made about me this morning as to my connection with the law were greatly exaggerated. I do not underestimate them at all. I deem it the greatest opportunity, the greatest privilege of my life, to have been given this opportunity to do my bit toward the war service in this particular constructive way. But it is not my law at all; I was only one of many. Happening to be selected as chairman of a committee, naturally I had to guide the drafting of the measure and the piloting of it through Congress. But a great many had a larger or smaller share in the work; it is no one man's law, and no one man's name ought ever to be associated with a law of this kind. It is the soldiers' and sailors' compensation and insurance act. It is for them, and every one of us who has had anything to do with it wants to have his individuality sunk and his connection with it forgotten, so that the fact that it is for the soldiers and sailors may always be remembered. And for that reason I am not going to mention the names of those who had to do with the act; for the further reason, too, that I might forget one or the other, and that would be unfortunate, there were so many.

Now, then, to take up the act itself. And perhaps it would be clearer to sketch first the underlying principles and then the general scope, and then in a general way each article, and then to get down to the details of each article.

As I said this morning, the underlying purpose was to grant a measure of justice to the fighting forces on behalf of the whole people, and, secondly, in granting that measure of justice to do it in a way that would hearten the men by freeing them of the one great dread that every man has. Men who go out to battle, even though they are not in the slightest degree physical cowards, may have a fear of what may befall them. But that isn't the real fear that confronts most of them. The real terror for men is that their families may suffer or become objects of charity. That fear the Government aims to dispel by letting the men know in advance that their families are not going to become objects of charity; that while, of course, the Government can not keep each one of them in the comfortable situation in which many of you men maintain your families, it can and it will at least do this: It will save them from abject poverty—save them from having to go out and to ask others for the necessities of life.

Now, some emphasis was placed in some of the talks this morning on compensation to the men. The contrast was made between pensions and compensation, and the analogy of the workmen's compensation act was referred to. All of that is true. I do not want, however, to overemphasize this thought of compensation. Rather I should like to have you feel that all of those who had anything to do with this act have always appreciated that, whatever the Government may do, it can not give real compensation for the services that soldiers and sailors render, and that their only compensation, their only real compensation, is the legacy that they are going to transmit to their children, the knowledge that they have stood up and done the fighting for the rest of us. But in some reasonable measure the rest of the country must give them a compensation, and we have used the

word compensation in this act because pensions, rightly or wrongly—I am not now passing on the justice of it—but rightly or wrongly, pensions have come to have a secondary and none too pleasing connotation. When we come to the compensation section I will explain in more detail why that is so and what we have done to obviate that sort of thing, despite great likeness between the pension laws and the compensation section.

In framing the law we started out with the consideration of what it was in a financial way that men were losing and risking, and that they could reasonably ask the Government to replace or compensate for.

FAMILY ALLOWANCES.

Whatever replacement or compensation was to be given, we felt would have to be alike throughout the country, and would have to be alike at least as to all of the men in the same rank, irrespective of their actual personal financial condition. It is not necessary, of course, that the provisions should be alike, but it was the only practicable scheme. Take, for instance, the family allowance. The law might have been drafted in such a way that the amount of the family allowance would vary according to the cost of living in the particular community in which the family resided. And in England that is done to some extent. More is given to people who live in the large cities, but it was not deemed feasible for a Federal act. It was felt that even if it had been thought wise it would not have been practicable, because it would have been impossible to get such an act through Congress. Congressmen from the small towns would have felt there was an unjust discrimination as against their people, so no attempt of that kind was made. However, those of us who had to do with the drafting of the act did not lose sight of the fact that there is a real difference in the cost of living, and that the provisions that are made by the Federal Government may be extravagant in a hamlet of 500 people, and may be very inadequate in a city like Washington, Chicago, or New York. But we had to strike some fair average.

Then, again, when it came to the amounts, we did not feel that the amounts given were large enough. Most of us coming from large cities thought that they were very small. Most of us having more than the average income of men throughout the country thought that they were pretty small. But again we had to be reasonable. We had to consider that whatever money is given is paid by the taxpayers of the country, and that the man having an average income would feel that there was an injustice to him if provisions were made for your families that would give them more than the average income, at least considerably more than the average income. And so again the amounts that were determined upon were based on what we thought was a fair and reasonable amount in view, first, of the conditions throughout the whole country, and second, the average earnings throughout the United States, the average of families throughout the United States.

Now, in some States—and we hope it will be done in most of the States—there is State legislation, and in at least one city—and we hope it will come in other cities—there is such legislation, under which the families of men from that State or that city will receive, if they need it, supplemental aid. In those communities in which the

cost of living is above the average it is only fair and right that the State or the community should step in and supplement what the Government is doing, and we felt that that is a matter that ought to be left to the State or the city.

Then there are going to be extraordinary conditions in individual families. There are going to be men who have made commitments for the future, which because of the loss of their income they are unable now to meet. It is expected that the bill that Secretary Baker referred to this morning, and which, by the way, was never part of this bill but was always a separate and distinct bill, will be enacted at the next Congress, and that bill, which is like those called in Europe moratorium measures, will grant relief to some extent by giving men who have made definite commitments, mortgages, interest, insurance policies, and other things, at least some leeway in paying them.

But, apart from that, it is hoped that men with families in those circumstances may be helped through loans by private organizations, patriotic bodies, such as the Red Cross and organizations of a similar character.

And so, too, there are families who have been and are now on the rolls of various philanthropic organizations. It is not meant to relieve those organizations of what they have been doing except in so far as what the Government gives will naturally relieve those organizations. But there will be extraordinary cases, extraordinary conditions in many families demanding more than that reasonable average measure of justice which the people of the United States as a whole ought to be and are ready to give. And in those extraordinary cases the appeal will have to be made in the future as it has been in the past either to the State, county, or city or to private philanthropic organizations. But for the great mass of the people, and for the people who will be helped and satisfied with this average reasonable assistance from the Government, we wanted, and Congress wanted, it understood that it is not a gift; it is not charity at all; it is additional compensation.

Coming now to the subject of the family allowance, a man's wife and children are entitled to the family allowance that the Government provides from the mere fact that they are his wife and children and there will be no examination into the question of their financial condition. If they want this aid from the Government they will get it without question. Of course it is not supposed, and therefore Congress finally consented to let the provision stand in the way it was drafted—it is not supposed that the wife of a millionaire is going to make application to the Government for \$15 a month in addition to the compulsory allotment that her husband must make to her. In fact it is assumed that she is not going to have her husband give her this allotment out of his pay to be deducted from his pay. In other words, it is not to be supposed that those people who are in comfortable circumstances, who have independent incomes, either the wife or the husband, and who do not require anything from the Government, are going to make application for this family allowance. In fact, it is expected that such people will come in and waive the allotment that the husband would otherwise be compelled to make out of his pay.

COMPULSORY ALLOTMENT.

I have used the words "allotment" and "allowance." Let me get down to still further details as to that. The Government is ready to help the family but the Government does not intend to absolve the married man from his first and primary obligation—that is, to contribute to the support of his wife and his children. This law recognizes and enforces that obligation. It is the first time that the Federal Government as such has recognized and enforced that obligation by law. This law says the first thing that a soldier and sailor must do is to contribute in fair measure to the support of his wife and children, and we are going to make him do it. We are going to deduct a certain amount from his pay whether he will or not. We are going to ask him, "Have you a wife and children?" And he must answer that question and he must answer it truthfully, because the law provides a penitentiary punishment for knowingly false answers to questions that are put in those printed blanks. He must answer truthfully whether he has a wife, children, or divorced wife who is entitled to alimony under a decree of court, and if he has any of these three the Government will make what is called a compulsory allotment, or what perhaps might better have been called a deduction from his pay, and this will be made by the Government whether he wants it or not.

Now, I said that the wealthy woman or the wealthy man's wife would waive that. We have a provision in the act by which the wife may waive on her behalf and on behalf of her children; but we are guarding her against her own folly or her ultrapatriotism or the undue pressure from her husband. Because there are some fellows, and they may get into the Army and Navy, who would be glad to keep their whole pay and let the wife shift for herself; and there are wives who may be so subdued by their husbands or so patriotic or who think they are so patriotic as to let their husbands do this. And so, while a wife may waive, she must make a showing to the bureau by proper affidavits that she is able to support herself and her children without this help from the Government. Of course if she does that the Government gladly permits it, because the Government has no intention of throwing away money. At the same time we do not want to make it difficult for those who really do need it, and I do not mean only those who would be poverty-stricken without it, but those, too, who need it for a reasonable measure of comfort. In order to make it possible for them to get it the Government makes no inquiries as to their actual dependency. If the wife or children ask for it, they will get it without question.

I say, without question. There is a further provision in the act that a man may on his own application or otherwise for good cause be exempted from giving this allotment; not only that the wife may waive it, but he may be exempted, and you will see at a glance that that is proper, for if the husband is away and the wife is not conducting herself as she ought to conduct herself, that is bad enough in itself; it would be much worse to make the husband pay her and thus enable her to keep on in her misconduct; and it is that sort of a case that is intended to be guarded against by this provision permitting an exemption from the allotment.

VOLUNTARY ALLOTMENT.

Now, it is only as to the wife and children and to the divorced wife that the Government makes this deduction, whether the man wishes it or not. In other words, it is only as to them that the allotment is compulsory. Subject to any regulations that the Secretary of War or Navy may make, a man may allot as much or all of his pay as he pleases for any other purposes. He can't allot it away from the wife, children, or divorced wife to the extent that they are entitled to it under law; but the rest of it, or if he has not any of them, then all of it, he may allot as he pleases for any purpose he pleases; this, however, is subject to regulations, because the Secretary of War may well say a man must not deprive himself of all of his spending money. Now, while he may allot, subject to these regulations, to any person and for any purpose that he pleases, there are certain persons to whom he ought to allot, to whom he may feel that he ought to allot, and there are certain persons to whom if he does make a proper allotment the Government will add an allowance.

Now note the distinction. To the wife and to the children and to the divorced wife the allotment is compulsory. He has not any option except, as I said, the waiver and the exemption. To these other people there is no compulsion. If he does not want to support his aged mother, who is dependent upon him, the pressure of public opinion will have to make him support her—the pressure from his fellows. The Government will not, without his consent, deduct it from his pay. But as an incentive for a man to support or to help support his father, his mother, his grandchildren, his brother, or his sister, if they need his support, the Government says, "If you will contribute to their support and they need still more, we will add something to it." So that while the allotment to these people, these relatives, is not compulsory, it is a condition precedent to the Government giving an allowance. It is compulsory if the man wants them to get the Government allowance in addition to what he gives them, and if he does not want them to get the Government allowance, then he can do as he pleases.

AMOUNT OF ALLOTMENT AND ALLOWANCE.

Now, to get down to the figures. First, as to the compulsory allotment. A man must allot to his wife and children at least \$15 a month. That is the minimum. That leaves a private, even in the United States, \$15 for himself.

I ought to have said long ago that this allotment and allowance article of the act does not apply to commissioned officers and it does not apply to Army and Navy Nurse Corps. It applies only to enlisted men, which, of course, as you know includes the noncommissioned officers, and in the Navy the petty officers, and it also applies, by express statement that it shall so apply, to the men in the training camps. Of course, men in the training camps are not officers and are not ordinary enlisted men; but we have defined them for the purposes of the act under the words "enlisted men." Now, the reason for the distinction again is obvious. The commissioned officers get more pay, and the Army and Navy nurses are really employees and get the same salary that they get when there is no war, and therefore it was believed that their families were not entitled to this extra help.

Furthermore, it was not believed that it was essential to compel an officer to do his duty to his family. We could leave that to them.

Now, to come back to the figures. The minimum that a man must give to wife and children is \$15. But he may be compelled to give more than that. That depends upon his pay and depends upon the size of his family and the amount that the Government gives, because he and the Government are sharing alike in this thing, subject to a minimum and a maximum that he must give. It is a 50-50 game. The amount that the Government gives is fixed in the law—\$15 for a wife, \$25 for a wife and one child, \$32.50 for a wife and two children, and \$5 additional for each additional child.

Now, that is what the Government will give. The man must give the same, except that the man need not give more than half his pay, and he can't give less than \$15. Of course it is obvious that if he has a wife he can not give less than \$15, because the Government gives \$15, and \$15 is half pay of the lowest paid man in the Army and Navy. But there is another example that I will give you which shows the need of putting in that \$15 minimum, and that is this: If a man has no wife and has one child, that child gets from the Government only \$5 a month. But the father must give \$15 anyway, so that the child will have \$20. You will see that there is where the minimum becomes important. The allotment must equal what the Government gives, but it must be at least \$15; it need not be more than half pay; so that if there is one child only, that child gets \$5 from the Government, but the man must give that minimum of \$15, which makes \$20 for that child. On the other hand, if there is a wife and four children, the Government would give \$42.50, but if the man is a private and is getting only \$30 as his pay, all he needs to give is \$15. Or if he is in the higher ranks of the non-commissioned officers and is getting \$100 a month, he will have to give not half his pay but what the Government gives, \$42.50.

Now, I said \$5 for one child, but supplemented by \$15 compulsory allotment brings it up to \$20. Five dollars for one child, \$12.50 for two children, and \$20 for three children, \$30 for four children. You see those steps are a little bit steeper as we climb up. The reason for that, when you think a moment, is obvious, but it always raises a question if you take it without thinking about it. The man's allotment remains the same or may remain the same. Now the larger the family, the less each one would get out of that \$15 that he gives, and therefore the more the Government ought to add per head to do justice. You see, adding \$15 to \$5 gives \$20; if there are two children, you add \$12.50 to that \$15, which gives \$27.50; if three children, add \$20, which gives \$35; and if four children, add \$30, which gives \$45; so that if you count it up you will find that as the family increases the per capita of each child from the allotment and the allowance combined is just a little less, and that is on the theory that it costs a little less per head the larger the family.

So much, then, for the allowance to those to whom an allotment must be made, unless it is waived. I ought to add what is probably obvious, that a wife can not waive the allotment and then come and ask the Government for the allowance. She can't say to her husband, "You can just keep that whole \$30, and I will be satisfied with what the Government gives." She can't get anything from the

Government unless her husband gives her an allotment; and if she waives the allotment, she can not get anything from the Government.

Let me suggest that as I am going on to something else it might be just as well to interrupt me if you want to ask any question about the things I have just talked about. You will not disturb my train of thought.

A MEMBER. In this allotment to the wife with no children of \$15, and the husband makes an allotment of \$15, that means the wife will receive \$30 from the Government.

Judge MACK. Yes. I do not like to put it that way. The husband is giving \$15 and the Government is adding another \$15.

A MEMBER. That is with no children.

Judge MACK. Yes. If there is a wife with one child the Government will add \$25 to what the husband gives, and so on up the scale.

I ought to say a word as to the divorced wife. A divorced wife can get the same as a wife—that is, \$15 a month—and the husband must make the same allotment to her. Of course a man's children by a divorced wife are his; there is no difference between children. The divorced wife without children can get at the best what a wife can get, namely, \$15 a month from the Government and \$15 from the man. But there are certain limitations to what she can get. In the first place she can not get more, counting the allotment that he must make and the allowance together, than the alimony which the court decree provides. Now, suppose the court has said that the husband shall pay to her \$20 a month alimony. That \$20 a month would be made up first out of the \$15 that the husband must himself allot and then \$5 that the Government would add. On the other hand, if the divorce decree said \$30 a month, then she would get \$15 from the man and \$15 from the Government.

But the divorced wife is subordinated to the present wife and the children, and if the entire amount that the husband must give is needed by them, then the divorced wife can not get anything from him; she would still get a Government allowance, subject, however, to their prior rights. She comes next to them, ahead of those others that I am going to talk about, but she does not come equal to them or ahead of them. Let me put that in an example. Take a man making \$90 a month. Suppose he has got a wife and three children and a divorced wife, and the divorced wife is entitled to \$30 a month alimony. Well, now, the wife and three children would be entitled to \$37.50 from the Government. They are entitled to the same thing from the husband. I said he was getting \$90 a month. He would be compelled to give the same as the Government gives, but not more than half his pay. So that she would be entitled from him to \$37.50 a month, the same as the Government gives. But as half his pay is \$45, he can be compelled to give the balance, \$7.50, to his divorced wife. That takes up half his pay, and that is the extent that he can be compelled to give.

Now, then, the Government has given \$37.50 to the wife and the children; but the Government is ready to give when necessary up to \$50; this, however, is the maximum that the Government gives to all put together. Now, as it has given only \$37.50 to the wife and children there is still \$12.50 left that can be gotten from the Government by the divorced wife. She would thus have \$7.50 from the man and \$12.50 from the Government, making \$20 a month; she

could not compel payment of the entire \$30 that the alimony decree gave her. That is simply to show how the thing works out. Of course if a man is a private with \$30 pay, his wife and children would get the entire \$15 that he would have to allot; they would get \$37.50 from the Government, the wife and three children; and there would still be \$12.50 Government allowance remaining; that \$12.50 would go to the divorced wife on account of her alimony.

Col. LORD. May I ask you to emphasize the point made there that not more than \$50 will be paid by the Government on account of any enlisted man?

Judge MACK. I will emphasize it again when I come down to the next head. Now, coming to other relatives who may get an allowance——

A MEMBER. I would like to ask a question on a divorce matter. Take a case where a man is divorced and she does not get alimony.

Judge MACK. She doesn't get anything.

A MEMBER. And she has a child.

Judge MACK. The child is the same as any other child.

A MEMBER. In that same case, suppose you have a divorced wife and the wife has three children; does the Government supply any money?

Judge MACK. You mean, just take the wife with the three children? The man's pay is \$90. The Government gives \$37.50 to the wife and the three children; the man must give the same.

A MEMBER. Then she gets twice as much.

Judge MACK. She would have an income of \$75 a month.

A MEMBER. The man gives the same as the Government?

Judge MACK. The man gives the same as the Government up to the maximum, except he can not give less than \$15, no matter what the Government gives. Take that case of the one child, where the Government gives only \$5; he can not be compelled to give more than half of his pay, but he can be compelled to give up to half if necessary; but he must give \$15. If the Government gives \$37.50, all he need to do is the same; he need not give \$45, half of his pay, if the Government gives only \$37.50.

A MEMBER. If his pay is \$80?

Judge MACK. Still \$37.50. If \$70, only \$35, and the Government will give \$37.50; and if he were a private he would give only \$15, and the Government would still give \$37.50 to the wife and three children.

A MEMBER. Suppose the soldier has a waiver?

Judge MACK. The children alone can not waive—there is no provision for waiver by these minors—but their mother can waive for herself and for them, and under proper circumstances exemption can be granted.

A MEMBER. In the case just stated, if the man were a private, how much would the Government give over the \$37.50 to the divorced wife—up to the \$50?

Judge MACK. Yes; the Government is ready to give, if necessary, within the terms stated by the law, up to \$50. Now, the law says that to a wife and three children \$37.50 goes from the Government; to a divorced wife, just like any wife, \$15. That brings it up to \$52.50. But the Government says that the maximum is \$50. Inasmuch as the wife and children come first, the \$2.50 loss must be suffered by the

divorced wife. Therefore the divorced wife gets \$12.50 instead of \$15. Does that make the situation plain?

A MEMBER. Yes, sir.

Another MEMBER. A man getting \$70 a month can allot more than half? He can make an allotment of \$50?

Judge MACK. He can make any allotment he pleases, subject only to the Army regulations.

A MEMBER. My question is this, then, whether a man who gets \$70 a month, and has a divorced wife and a wife, could defeat payments to the divorced wife by allotting \$50 to the present wife?

Judge MACK. No; that is answered by what I said; that while a man can allot any of his pay he can not allot it until after the compulsory deduction is made. Now, the compulsory deduction would be for wife and children and divorced wife, and therefore those must come first and come out of his half pay alone. His other half pay is perfectly free. Now, a man with \$70 pay, having a wife and three children and a divorced wife, can not be compelled to give anything to the divorced wife because the \$37.50 which the Government gives the wife and three children would be supplemented by all that he can be compelled to give—half his pay; that is, \$35; his wife and three children would be entitled to that entire amount; all the divorced wife could get would be the balance between \$50, the Government maximum, and the \$37.50 allowance which the wife and three children get.

A MEMBER. If a man wants to give more than the compulsory allotment does the Government prevent him?

Judge MACK. No; a man can give as much as he pleases but the amount which the Government adds is definitely fixed for each case.

A MEMBER. In case of a fine, what happens? Suppose a soldier is fined. [Laughter.]

Judge MACK. We are going to try to arrange for that by regulation. I don't know whether the interdepartmental committee has taken it up or not.

Col. LORD. We have discussed it.

Judge MACK. What we are going to try to do is to have the Army and Navy Regulations provide that it will come out of the other half of the fellow's pay. [Laughter.]

A MEMBER. In the Navy there are certain conditions under which a man's pay stops, where illness has been contracted through some fault of his own, and he may go to a hospital for some period of time, and during that period he loses all pay. What would be the result under those conditions?

Col. LORD. May I answer that? That can be covered by regulation.

A MEMBER. Pardon me, in the Navy it is in the law.

Judge MACK. Have you taken that up for discussion?

A MEMBER. It was passed in the Navy two years ago.

Col. LORD. They have the same law in the Army.

Judge MACK. Have we the judge advocate's representative here? He can answer that question.

A MEMBER. May I ask that a memorandum be made of that?

Col. LORD. I will make a note of that.

A MEMBER. Suppose the court allows a divorced wife a certain amount and the Government allotment does not come up to that amount, does the man have to make up the rest from his own pay?

Judge MACK. What do you mean? As a matter of law, or morals, or what? A man's pay from the United States Government can not be taken by any court. Does that answer your question? It is only the United States Government itself that can permit or direct that. Now, a man's pay can not be attached. No creditor, whether it is a divorced wife or anybody else, can attach it, and that is why we made these provisions as to compulsory allotment.

A MEMBER. Judge, if a notation is made on the pay roll, \$20 or less, the paymaster will do some attaching.

ANOTHER MEMBER. In the Navy, if men are sick as a result of their own misconduct, they lose their pay just as if absent without leave. In the case of illness there is absolutely a law on the subject which takes all their pay, and they must serve additional time when they come out of the hospital.

Judge MACK. If men get no pay and are entitled to no pay from the Government, their families get no allotment, because the allotment is dependent on the pay. If the man so conducts himself that the Government owes him no obligation, he has absolved the Government from this obligation to the family as well. That is hard, but that is life. Families suffer through the misconduct of the man. They suffer when a man is sent to the penitentiary, but they have to support themselves, and if the man misbehaves himself and in that way is going to lose his pay the family will not receive the compulsory allotment. He makes them objects of charity, and charity will take care of them, but they are no longer the charges of the Government under this kind of a law, except as to the allowance.

Now, on the other hand, if he has done something for which he is merely fined, the court-martial can not deprive his family of its compulsory allotment; he himself will suffer longer through that fine and his family not suffer; the fine comes out of his half of the pay. As long as the law itself does not deprive him of that pay, the compulsory allotment continues.

A MEMBER. Is that the answer to that question, or will it be taken up in discussion?

Judge MACK. No; if the law does not take away the pay, his family is entitled to allotment of pay.

A MEMBER. That is a temporary condition.

Judge MACK. During the temporary condition the temporary suspension applies.

A MEMBER. That is the law on that subject, is it?

Judge MACK. Yes.

A MEMBER. I should like to take it up in conference and discuss it again.

ANOTHER MEMBER. The family allowance is absolutely dependent on the allotment?

Judge MACK. No; there is a provision that exemption may be granted from the allotment, but that provision was not intended to apply to cases of this kind. I gave you the sort of a case to which it was intended to apply.

A MEMBER. Unfortunately, you can not explain in detail just to what that applies, but I think when Maj. Leonard comes back he may explain. It hardly seems fair.

Judge MACK. There is this provision in the law, that exemption can be given by regulations.

A MEMBER. It hardly appears fair for the dependents.

Judge MACK. What I have been saying does not apply to the allowance but only to the allotment; but if the man is discharged for misconduct he necessarily injures his family. So, too, if he becomes disabled through his willful misconduct his family as well as himself are cut out of the compensation provisions.

A MEMBER. A man is absent without leave. Under certain conditions he is treated as a deserter and his pay is then withheld until the question is determined whether he is or is not a deserter. Does the family allowance go on?

Judge MACK. Until it is decided, the family allowance goes on, if he is in the service. Has he deserted?

A MEMBER. No; he has come back, but the question is not decided. He is taken from the pay roll. How can they take out the allotment?

Col. LORD. Take it out when they get a settlement. I do not understand that we are going to wait until we hear from the field or the ships. We are going to plan to pay in the Army as soon as the money is due. We will hear from the field afterwards.

A MEMBER. I would like to know about the family allowance. I have gained the idea that the family allowance was something given by the Government depending not at all on something else. It is the Government's business to collect the allotment. If they fail to do it that ought not to affect his allowance. If a man does not get any pay the Government can't take anything from him. In the meanwhile the man is in the service until he is discharged.

Judge MACK. Possibly I do not quite understand you when you say "family allowance." Do you include in the words "family allowance" that part which he himself allots or do you mean only the additional amount?

A MEMBER. I have made in my own mind this distinction: That having found out that a man has a family the Government contributes to the support of the family and then they are going to make the man contribute as a secondary proposition.

Judge MACK. The Government payment of allowance is conditioned upon the making of the allotment. That is the express statement of the law. Now, the making of that allotment may be waived; may be exempted by the Government. But unless the Government exempts him from paying that allotment the allotment must be made if he gets pay in order to get the allowance.

A MEMBER. Yes; but if the allowance is conditional upon the allotment, the allotment itself being compulsory, it follows that the allowance must be compulsory.

Judge MACK. The allotment is compulsory if a man is earning it; if a man has no pay, there can be no allotment.

A MEMBER. But he is in the service just the same. He is serving his country for hire.

Judge MACK. In the case you put he is serving his country, is he?

A MEMBER. So long as he is in the service he theoretically is.

Judge MACK. You are assuming the case that a man is in the service, but nevertheless his pay is suspended.

A MEMBER. Yes; a man who is absent without leave and is technically a deserter and is entitled to no pay for the time being. Later it may be decided that he really is not a deserter, but meanwhile his pay is withheld. Now, he is subject to orders. It may have been a mistake. He is there and still in the service and continues to be until discharged.

Judge MACK. Under this law, unless the pay was earned, that share which he must compulsorily allot to his family would not go to the family. But if he is in the service, and though without pay temporarily while the allotment is suspended, the family allowance will go on. That should be simply a temporary exemption, and when it is finally determined that the man was entitled to his pay that share of it that ought to be paid to the family will be taken out as back pay, and in the meantime they will have to shift the best they can because of what the man has done.

A MEMBER. Following out that same question, there would be two items in the payment to the beneficiary, one the amount collected from the man, if anything, and the other the amount contributed by the Government.

Judge MACK. Yes.

A MEMBER. In the first sentence of section 205 it says, "That family allowances for members of class A shall be paid only if and while a compulsory allotment is made to a member or members of such class."

Judge MACK. Yes.

A MEMBER. It does not say, "made and paid"; it says that the allotment is made. Wouldn't that establish the right to the allowance?

Judge MACK. Yes; it would.

A MEMBER. And even if the allowance were paid without having collected the allotment from the man, if there is no allotment to collect, the allowance would have to be made just the same?

Judge MACK. While the language could be clearer, the word "made," as here used, is equivalent to "not waived or exempted."

A MEMBER. If a man has a family that is only partly dependent on him, does the Government give him the same conditions as the man who has a family entirely dependent?

Judge MACK. Yes. I said that a multimillionaire's wife can apply for this \$15 a month from the Government, and the Government will pay it, and have no further questions if she wants to apply for it. It is not expected that they are going to do that.

A MEMBER. These cases that have been mentioned are with reference to men that have been acting in such a way that they are not entitled to any pay. Take the case where a man is paid for 30 days in a month that has 31 days. I suppose the allotment would be payable under those circumstances.

Col. LORD. Only 30 days in a pay month.

A MEMBER. Well, take 29 days; then, if he happened to be sick one day his family would go without any allowance; is that the interpretation?

Judge MACK. No; they would not. I do not know whether by law pay is suspended in that case; if it is, then allotment but not allowance is also suspended.

A MEMBER. One more question: Take the case of a man with a wife and one child. She would receive \$25?

Judge MACK. Yes.

A MEMBER. And no matter what the man's pay is, if his allotment is added to that \$25 she gets pay from the husband and pay from the Government—two sources?

Judge MACK. Yes.

A MEMBER. And if the man is a private the husband would give her \$15, because that would be half of his pay?

Judge MACK. You see, pay is defined in the act as pay for service in the United States, according to his rank and according to the period of his service; allowances are cut out; the \$3 extra for foreign service, etc., in determining this half pay. It is the pay that a man gets while serving in the Army in the United States. You will find that definition in section 22, and I will come back to some of these other definitions in a few minutes—"Pay for services in the United States, excluding all allowances."

A MEMBER. Under your definition of enlisted men I see where it says "enrolled, drafted, and otherwise." I will ask you what is meant by enrolled?

Judge MACK. That is a Navy term. The Navy put that in.

A MEMBER. That would not include field clerks?

Judge MACK. It was thought to refer only to certain men in the Navy. But I am advised by The Judge Advocate General of the Army that field clerks, and field clerks Quartermaster Corps, are enrolled in the Army. They are therefore within the act under the definition of enlisted men.

We come next to other relatives, for whom, as I said, an allotment is not compulsory. But it is a condition precedent to getting the allowance, unless an exemption from making the allotment is granted. Now, the situation as to this is totally different from that as to wife and child. The millionaire mother, father, brother, or sister could not get anything from the Government, because the Government allowance to these other relatives is subject to several conditions, and, first, that they must be actually dependent, in whole or in part, upon the man. If they are not dependent, they can not get anything, no matter whether he makes them an allotment or not. And, second, they can not get from this allotment and the allowance combined more than the man himself has been habitually contributing during the period of dependency, but not exceeding the past year. In other words—but let me give you an example. The amount of the Government allowance is \$10 to one parent, \$20 to two parents, and \$5 additional to each additional parent—because a man can have half a dozen parents as the word "parent" is defined by this act—\$5 to each grandchild, brother, or sister. Now, as I said, none of those payments are made unless the individual is dependent in whole or in part upon the man, and, second, none of those payments are made unless the allotment that the man himself must make, if he wants anything to be paid by the Government, is less than what he has been habitually paying to them.

How much must the man allot in order to get this allowance? Well, that depends. If he is giving a compulsory allotment to wife,

children, or widowed mother, then, in order to get an allowance for these other relatives he must allot one-seventh of his pay, but not less than \$5. A man making \$70 a month would have to allot \$10. Anybody getting less than that, in proportion. Now, then, suppose he is a private. He has to allot \$15 a month if he is allotting to a wife, children, or divorced wife. If he is not allotting to them, then he must make the same allotment to these parents, brothers, and sisters that he would make to his wife or children. In other words, he must give up at least \$15 a month under all circumstances before the Government will do a thing for his wife and children, and if he is not doing this then he must do the same thing for his parents before the Government will step in. If he is giving money to the first class, then he must give something to the second class, unless the Government waives the additional amount, and this sum must be at least \$5, and it must be one-seventh of his pay.

Now, to come to an example: A private who hasn't a wife or child or divorced wife has a father and a mother. They are both dependent upon him. He has been their support. Assume he has been giving them \$15 a month to live on. Now, let us see what the situation is. He has no wife, child, or divorced wife. He is getting \$30 a month. He must give half his pay. He must give \$15 at least, and as that is half his pay it is both maximum and minimum. Now, he must give them \$15. Two parents can get \$20 from the Government; so that they might in proper case get \$20 from the Government and \$15 from him. That would be \$35. But I said that he had been paying them only \$15 a month before he went into the Army. Therefore they can't get anything from the Government. His \$15 that he gives them is all that he gave them before, and therefore it is all that they are entitled to under the law.

Now, suppose, on the other hand, that he has a wife and children or a wife. He gives that wife \$15. Now, he wants his father and mother to get something. He must give them another \$5. But he has been contributing \$15 to them before the war. The Government will then add \$10 so that they will still get the \$15. If he had been contributing \$25 or more to them before the war the Government would have been ready to add \$20 to his \$5, making a total of \$25. Is the example clear?

A MEMBER. I suppose if it takes all that a man makes for his allotment to his parents the Government will go 50-50.

Judge MACK. Put your example.

A MEMBER. For instance if you have a widowed mother and you allot her \$30, will the Government go 50-50?

Judge MACK. No; I have explained to you, tried to explain, these limitations. If there is one parent the Government will allow a maximum of \$10; for two parents the Government will allow a maximum of \$20. Now, that is all the Government will allow under any circumstances, no matter what the man gives. The Government will not allow more.

Now, to emphasize again one more point. Col. Lord asked me to emphasize the point that the Government will add under no circumstances more than \$50. It does not make any difference what the man

allots. The wife and the children come first, the divorced wife next, and then come these parents, brothers, and sisters in sharing in that possible \$50 that the Government gives.

A MEMBER. What form of proof is required of the amount that has been paid by the man to his family?

Judge MACK. That is a matter that will be prescribed by regulations, but until the bureau can investigate further it is apt to take the statement of the man and his mother as to what has been actually paid, because a man is going to the penitentiary if he knowingly makes a wrong statement.

Col. LORD. The Army had the same proposition to meet in connection with the \$5,000,000 that was distributed in connection with the Mexican mobilization, and that was a troublesome problem that we had to solve, to establish definitely and with certainty how much had been customarily contributed by the soldier toward the support of the designated beneficiary. But we solved it.

Judge MACK. It is a difficult problem, and we have endeavored in this act to get away as far as we could from the necessity of investigating questions of dependency. That was one of the reasons why we said, Give the wife and children, if they ask for it, without going into the question of whether they really need it or not, because as was said in answer to arguments of Congressmen and Senators, it will cost the Government more to investigate whether these wives and children are really dependent than the amount that would be saved from those who did not need it and nevertheless asked for it.

A MEMBER. In the case of petty officers, many of them leave an allotment of \$75 for their families. Maybe they earn \$90. Now, we say that they are compelled to leave one-half of their pay. We will say that it will be \$50 in the case of \$100 pay, and that he had a wife with no children. Would the Government still give \$15 in addition to the \$50? The \$50 would not be compulsory.

Judge MACK. It would not be \$50 compulsorily. Let me try to put it again. A man must allot only the same amount that the Government itself is paying. But even that is subject to two limitations; that he must allot \$15 a month and that he need not allot more than half his pay. Suppose that man has a wife and no children. How much is the Government going to give her? \$15 a month. So, then, the man must allot the same amount that the Government gives, that is \$15, isn't it? That is all that the man must allot, because it is also the minimum that he can allot. But the maximum half pay is only if the Government were to give up to that.

A MEMBER. But what I meant, the point is this, that he has been leaving \$70, but irrespective of the amount that he allots, the fact that he has a wife, the Government allots, then, \$15, irrespective of what he has been leaving for her.

Judge MACK. Irrespective of what he gives, in excess of \$15, the Government will give only \$15. Now, he may give her another \$5 or he may give her his entire pay if he wants to, but the fact that he gives more than \$15 does not influence the Government in giving any more. The Government amount is fixed.

A MEMBER. A mother has more than one son, say three, in the service. Does she get allowance from all three sons? [Laughter.]

Judge MACK. Yes, she may; that is so for this reason. You will find an express provision to the contrary when it comes to the compensation section; but as to the family allowance section, it is so for this reason: First, she must be dependent upon the son, and second, the total amount that she is going to get in respect to any of these sons is not more than the amount that she has been habitually getting. It would have been unjust to confine it to one son because that one son might have given all his allotment to support his wife and children. Therefore there is no limitation to a mother getting from all of her sons in the Army or Navy, but she can not get more than she has been accustomed to get from them. And she must be dependent upon each one as to whom she gets an allowance.

A MEMBER. I have been trying to follow you very closely. I would like to ask from a standpoint of financial or domestic interest, is a man allowed to make an allotment to his sister or brother regardless of their present financial state—that is, if their financial situation is sufficient to take care of their vital needs, can you make an allotment just the same?

Judge MACK. If you mean exactly what you say, the answer is simple: yes. But if you mean, can he make an allotment and thereby secure a Government allowance, the answer is no.

A MEMBER. That is what I meant.

Judge MACK. The answer is no, for this reason: That they are not dependent upon him; that is the very hypothesis of your question, that they were not dependent upon him.

A MEMBER. Yes, sir.

Judge MACK. If they are not dependent upon him they would not get it.

I have tried to say that father or mother or grandchildren or brother or sister can not get a Government allowance unless they are actually dependent upon the man in whole or in part, and they can't get it even then to a greater extent than he has been habitually contributing to them, and his allotment is first taken into consideration, and only if he has been contributing more than he has to allot to them can he come to the Government for the balance, and then subject to the limitation that all the Government gives to each dependent parent is \$10, and to each dependent brother, sister, or grandchild, \$5.

A MEMBER. That was my understanding. I wanted to be sure.

Judge MACK. I am not criticizing you for asking questions. I do not want you to hesitate to ask questions because you might think that they are foolish questions. It is the apparently foolish question that brings out the points.

A MEMBER. In the instance where the parent had three sons in the service and before they went into the service the three sons had contributed to the support, but had different salaries and had contributed in varying amounts, the parents therefore are dependent on all three sons, but in the event of a son being killed who was in the habit of contributing the largest amount, would the Government only give them the sum contributed by one of the remaining sons?

Judge MACK. Under the law each son is considered separately in the family allowance, because that allowance will depend upon his contribution and not on the contribution of his brother.

A MEMBER. Even in the event of the death of his brother?

Judge MACK. It is possible that the words of the law could be stretched to cover that case. I say it is possible, but not certain, because we have expressly provided for that sort of case in the compensation article. You will find, when I come to that, in article 301 (g), at the top of page 9, that such compensation shall be payable whether her widowhood arises before or after the death of such person and whenever her condition is such that if the person were living the widowed mother would have been dependent upon him for support. Now, that is a case similar to the one you are putting. Suppose she was not dependent upon him at any time during the year before he went into the service, but she would have been dependent upon him at the present moment because the family status has changed; suppose her husband has died; if this boy had not been in the war, she would have been dependent upon him.

That may be one of the omissions in the act, or it may be that the bureau can cover it in a reasonable way by a broad construction of the act.

A MEMBER. It would be well to discharge that man and let him go home.

Judge MACK. That would be one solution. [Laughter.] Because a man can be discharged if after he has entered his people become dependent upon him.

A MEMBER. His regimental commander is the judge of that under the War Department's letter of April 4, 1917.

Judge MACK. Now, you have, none of you, asked about something provided for in section 208, but I will call your attention to it. How are you going to divide this between wife and children and between parents, grandparents, and the others? Well, the bureau will provide regulations. The bureau can apportion it as it pleases. Those regulations are not yet provided. Experience will have to demonstrate how best it can be done.

A MEMBER. Judge Mack, if a man's wife is working and makes enough money to take care of herself, will she get that \$15 paid as an allotment?

Judge MACK. Yes, I will say again; because it is evident I have not made myself perfectly clear to everybody; just as that millionaire's wife can get it if she wants it, so can the working woman. And she has a perfect right to get it. Is that clear?

A MEMBER. Yes, sir.

Another MEMBER. Judge, suppose a man gets married after this goes through?

Judge MACK. It does not make any difference when he gets married.

A MEMBER. I wanted to get to this point: Is \$15 that the Government allows at the start allowed on the day you get married?

Judge MACK. Yes. [Prolonged laughter.] I may say that there was one sailor boy who was as enthusiastic and punctual in his attendance at the meetings of the committee while this was going through as I was, and the moment I told him it was through and they had not compelled the wife to be actually dependent upon him—the Senate already had put in a provision, and it was only at the last moment that they struck it out, that the wife or child must be just like the rest of the relatives, actually dependent—the moment I told him that they had stricken that out and that it would not make

any difference whether that girl was working or not, he sent a telegram out to Los Angeles to come on. [Laughter.]

DIRECTOR DE LANOY. The director was going to ask you as to whether he wanted to state when this wedding is to be held. We might make an official memorandum of it.

A MEMBER. If a man gives anything over the \$15 to his wife, a man getting \$100, we will say, and allots at least \$15, application has first to be made before the \$15 will be given by the Government?

JUDGE MACK. Yes. In other words, the grant of this money by the Government is not automatic. Application must be made.

DIRECTOR DE LANOY. That is an important feature.

JUDGE MACK. The point about it was this: While we do not for an instant want to deter anybody who is reasonably entitled to this money from applying for it, at the same time even this millionaire's wife might take it for pin money if she did not have to apply for it, but she would not take it if she did have to make a direct application. Now, what I want to impress on you, however, in that connection is this: There are many men in the ranks of the privates and noncommissioned officers who have made tremendous sacrifices in going into this work, who have given up salaries of \$100, \$200, \$300 or more and are taking the Government's \$30 to \$100 per month and whose wife and children have very little, if anything. Now, there is no reason in the world why those men or the wife and the children should not apply for this. The Government is giving it, and they are going to have a hard enough time as it is in getting down to a much lower scale of living than they are accustomed to, and the fact that they may have just enough to keep them from poverty is no reason for refraining from asking for the allowance, because it is intended by the Government that they should have it. The people who ought not to have it are those who are abundantly able to take care of themselves without it.

A MEMBER. Judge Mack, for information, we will say, a man has a wife and child. Would it be a proper procedure to immediately check his pay account?

JUDGE MACK. Oh, yes.

A MEMBER. Well, then, would that not automatically start an allowance to his wife?

JUDGE MACK. No; the allowance must be applied for anyway.

A MEMBER. It has to be applied for anyway?

JUDGE MACK. But the allowance application blanks are being printed now with the information that is necessary to go with them, and the plan is to have them in your hands to-morrow morning, so you may see just what they say; in fact, I hope that before we get done this afternoon we may have this material. I would like very much if we could get hold of them, and I would like very much to have the insurance blanks before I get done here.

A MEMBER. Judge Mack—

JUDGE MACK. Just a moment. Of course, we purpose having these blanks distributed throughout the Army and the Navy, and it is the duty of every enlisted man, his absolute duty, to fill out one of these blanks and to do it right away.

A MEMBER. Judge Mack, might I ask a little elucidation on the question of the officer here? It would be a matter that would be covered by regulations, would it not, whether or not you make a checkage

against an enlisted man's pay simply because the fact has been developed that he has a wife and children?

Judge MACK. Oh, yes; I almost forgot one thing before leaving this subject; the matter of compulsory allotment and Government allowance begins November 1. That means that the first deductions will be on the November pay roll, so that we have quite a bit of time to gather all of this information.

A MEMBER. Judge Mack, could I ask a question about methods? Now, from the standpoint of a company commander, suppose he checks his men up and assorts the bachelors and benedicts, and has his two lists.

Judge MACK. Let me suggest to you that you put that question to-morrow or Thursday, because I am not now prepared to discuss it, and that is one of the most important things that you gentlemen are here for—to consider together and to consider with the administrative officials the best methods of actually distributing all of this information.

A MEMBER. My point was that if you take your list of married men, and some of them do not make this application, is it then the company commander's duty to send the application to the wife to see whether she wants to make the application or not?

Judge MACK. Well, I do not know, but it is the duty of the man to fill in the information. Now, that is a matter to be determined and is a very interesting question, and suggests the possibility of putting it up to the wife if she wants it and the man does not want it, because the beneficiary may apply.

That is the point I make, because the beneficiary may apply.

A MEMBER. Judge Mack, not desiring to interrupt you too much, I should like to ask with regard to this matter that frequently in the Army they have had cases come through the office of complaints from the wife that she is not being provided for by allotment from the husband. I know of very few cases in which the Army commanders have not been able by moral or other suasion to see that the proper allotment was immediately made.

Judge MACK. The danger is in the case of deserted wives. Now, one of the very important things for you to put up to the men in explaining their absolute duty under the law to fill out these statements is that they must tell the truth about that and not play off as bachelors.

A MEMBER. How about deserted husbands; I know of cases like that?

Judge MACK. Deserted husbands?

A MEMBER. She gets this money?

Judge MACK. Oh, no; a deserted husband would have to ask for exemption from allotment and show that he had been deserted by his wife. After she has had an opportunity to be heard on the subject, undoubtedly exemption would be granted to him, and she would get neither allotment nor allowance. Of course, there are such cases. That is why that exemption provision was put in.

A MEMBER. Judge Mack, now in case the wife has left the husband, say, several months ago, and the husband does not know the whereabouts of the wife—all at once the wife should find out he is at a certain cantonment and she is going after all she can get and tries to get this allowance——

Judge MACK. Yes?

A MEMBER (continuing). Has the Government then the right to take \$15 of the private's pay to go to the wife?

Judge MACK. Yes; it also has the right not to do it. That was the question I just answered. You are stating the case that was just stated. A wife has deserted her husband, now shall she get this money or not. Well, that is going to depend on circumstances. That is going to be a pretty hard job for Mr. DeLanoy and his associates to decide, but it is up to them to decide. If it is a case of a woman who has temporarily gone away and who would have come back, she may be entitled to it; whereas in the case of a woman who has been away for a long time and is coming back just to get the money, he will undoubtedly decide she is not going to get it; but there will be some very difficult cases there to decide.

A MEMBER. In case she does not show up and there is no other dependent on the man, will there still be a deduction of half the salary?

Judge MACK. You mean, will there be a deduction in case she shows up in the future?

A MEMBER. Yes, sir; or in case she should not show up and there are no other dependents?

Judge MACK. Suppose there is no wife? Is that your case?

A MEMBER. Yes.

Judge MACK. All right, I will come to that. That is the last thing in reference to this allowance. The Secretary of War and the Secretary of the Navy have the power under this act to adopt regulations that so much of one-half of a man's pay as is not allotted either voluntarily or compulsorily shall be deposited with the United States and bear 4 per cent interest. Now, the Secretary of War and the Secretary of the Navy have not yet adopted such a regulation. They have the power to do so at any time they believe it wise. If they do that the result is this, that if a man has no dependents to whom he is allotting and nobody else to whom he is allotting the money, instead of getting that \$30 per month paid to him, say, over in France, the Secretary of War or Navy may say, "We will keep \$15 of it on deposit here for you at 4 per cent interest, compounded semiannually, and you will only get \$15." The reason for that is that it is believed by a good many—and if the Secretary of War so believes it he will make a regulation—that there is grave danger to the morale of the Army to allow the men to have \$30 spending money over in France. And the great dangers are these: First, and perhaps least, because the Government is not trying to be guardian to men as if they were children, the danger to the man himself. Second, the danger that arises when men in the same rank are having a different amount of spending money is to be considered. These men who have wives at home must cut down one-half, and the bachelor will have twice as much. But even that is not as serious as the next. You are going to be brothers in arms of the English and the French, and they get very little pay, and your spending money of one-half pay is going to be a great deal more than their entire pay, and that may be demoralizing. But even that is not the worst. France is poverty stricken. The American boys are in grave danger of looking at money from an American standpoint when they are over in France instead of from a French standpoint. For a French peasant in ordi-

nary times a franc is as big as a dollar; in these times it is a great deal more than a dollar. But for the American boy going over there with comparatively plenty of money in his pocket a dollar does not seem large, and to-day it is not merely 5 francs, it is nearly 6 francs. When he throws away that dollar he is throwing away nearly 6 francs, and that in ordinary times to the French peasant is a great deal, and to-day to most people in France it is a great deal of money. The result is the demoralizing of the very people we are trying to help, because of our extravagance and because through that extravagance we are raising the price of all supplies in France.

Now, those are the reasons that are urged by the commander in chief of the American Army in France, Gen. Pershing, to cut down the spending money of the boys over there, and to cut it down even more than this law provides for, because, in his judgment, expressed and brought over here with his sanction, \$10 a month is more spending money than a man ought to have in the trenches under these circumstances—not that Americans can not be trusted to spend a heap more than \$10, but that under all the circumstances \$10 spending money for the boys in the trenches is now too much.

A MEMBER. Judge, just a moment, before you leave the subject. The decision of the Director of the Bureau of War-Risk Insurance, is the director protected? Is his decision final?

Judge MACK. His decision is final.

A MEMBER. There is no appeal?

Judge MACK. No appeal therefrom. His decision ends it; that is, his decision is final on all questions under this act with one single exception—claims under the insurance policies; if the claimants have a difference with him, they can fight it out in court; but outside of that his decision is final; you can not go to court about it.

A MEMBER. If a man has an allotment already going, is it automatically stopped the 1st of November when you make out this compulsory allotment?

Judge MACK. I can not answer that. I do not know. The compulsory allotment will take precedence. I do not know what the War and the Navy Departments are going to provide as to the present allotments. That is a matter that ought to be taken care of, I should say. I do not know what they have in mind on that. I have not discussed that with them.

A MEMBER. I do not think the intention is to interfere with the voluntary-allotment system of 1899.

A MEMBER. The point is, if a man has made an allotment which runs until it stops, will you take out the compulsory allotment also, or call it to his attention?

Judge MACK. The compulsory allotment must be attended to.

A MEMBER. Of course, the compulsory allotment must be attended to. He has nothing to say about that; but suppose a man at present is allotting the \$15 to a wife, will you take the \$15 plus the \$15?

Judge MACK. Unless he stops it, which he has a right to do.

A MEMBER. Of course he has a right to do it, but might it not be better to construe the voluntary allotment as including the compulsory allotment? Would that perhaps not be a little wiser in the interest of the man? That is a matter that should be carefully considered. A man to-day allotting \$15 to his wife, if a law steps in and

takes \$15 for his wife whether he will or not, I should think it might be well to consider what he has been voluntarily giving to her, if this is to be a part of this compulsory allotment.

Judge MACK. That could be done.

A MEMBER. That would be the natural construction of his voluntary allotment.

A MEMBER. I should like to ask if anything in regard to this has been sent into the field, to the commanders who are there, in reference to the Liberty Loan bonds. If nothing has been sent out as to November 1, I am afraid we will find ourselves in a bad jam.

Judge MACK. All I can say is, I know the Secretary of the Treasury addressed the cantonments out in the State of Washington in connection with the Liberty Loan and he told them about the provisions of this act at the time he was talking to them about the Liberty Loan.

A MEMBER. Is that just recently?

Judge MACK. That is within the last week, October 9, but how far that has been done I do not know; I can not answer that question.

A MEMBER. The question has come in from most of the cantonments as to the effect of the compulsory allotment and the insurance, and I think with few exceptions the commanding generals of the cantonments and most of the large posts have given just the substance of the provisions of this law as to how it would affect the enlisted men, particularly with a view to opening the way for them to continue making their allotments for the purchase of Liberty Bonds.

OFFICER. The lieutenant's suggestion with reference to the Liberty Loan, I think, is a good one for this reason. Many of the company commanders in speaking about the Liberty Bonds have told their men that this allotment in the bill as contemplated would not be compulsory, that these allotments would be optional on the part of the men.

Judge MACK. To the wife and child?

OFFICER. Yes, sir.

Judge MACK. That is unfortunate.

OFFICER. Those statements have been made in our camp and probably have been made in other camps.

Judge MACK. Very unfortunate, because for the last three months anybody who had asked anything about it would have been told the contrary. Neither the original nor any later draft of the bill as it went through contemplated anything but a compulsory allotment for wife and child. It is very unfortunate that any commander should have made statements of that kind.

A MEMBER. Judge Mack, in that telegram of The Adjutant General it was specifically stated that these compulsory allotments were required.

Judge MACK. But Lieut. Peebles means long before that, don't you?

OFFICER. No; just recently, Judge, that this has been done. I might add, too, that the officers are assuming that this present draft does not include any men who have dependents.

Judge MACK. Well, that is a pretty broad assumption.

A MEMBER. Is that not the law, that no man was to be drafted that has a wife dependent upon him?

Judge MACK. Well, a man may be exempted if he has people dependent on him, but that word "dependent" has been construed differently in different States, and there are many men who have families dependent on them who have insisted patriotically on going to war anyway, and they have done it because a number of them knew that the Government was going to make some such provision as this. Moreover, in the second draft the situation will be different because of this provision.

Before I touch on compensation let us go back to these definitions on page 4. In the first place, so far as the allotment and allowance is concerned, what usually is called a common-law marriage, if it has existed for two years, will be sufficient. In other words, if a man and woman have openly and publicly lived together as man and wife—I mean recognized each other and have been recognized as husband and wife—for two years and neither of them is debarred by reason of having another husband or wife, so that if they had gone through a ceremony there would have been no bar to their marriage, they are deemed for the purposes of this part of the act to be husband and wife. As to the other articles of the act, the law is more strict. It requires pretty strict proof of marriage in order to entitle the woman to the rights of a married woman under the compensation and under the insurance clauses—perhaps much too strict—but, then, Congress put that in; it was not in our draft.

Now, then, "child," as used throughout the act, includes not only legitimate children, but it includes step children when they are members of the household. It includes adopted children if they have been adopted at least six months before the act went into effect, or six months before enlistment, if enlistment is after that. It includes illegitimate children, provided the man has acknowledged or acknowledges them as his own in writing, or provided a court has decreed that he must contribute to their support. And a grandchild would include a child as defined of a child as defined in the act. The child or the grandchild in order to get the family allowance or the compensation must be unmarried and under the age of 18, or if 18 or over must be insane, idiotic, or otherwise permanently helpless. The term "parent" includes, as I told you before, not only father and mother, but step-parents, grandparents, and the parents, step-parents, or grandparents of the wife as well as of the husband. Brothers and sisters include the half blood as well as the whole blood, step-brother and sister, and those through adoption.

Now, the military and naval forces that we talked about include all of the forces of every kind that are in the actual service. The act makes no distinction whatsoever between men and women in the same position. If we should get a fighting corps of women like the Russian brigade they would be treated exactly like men under this first section; their children and their brothers and sisters and parents would get the allowance, but their husbands would not get anything [laughter], as it is limited to a wife. Moreover, the allotment by a woman is not compulsory even as to a child. It is voluntary.

I might say that there are women in the service. We have some female yeomen in the Navy, and they would come within this article on family allowances.

The Army and Navy Nurse Corps (female), which include in their reserve the Red Cross nurses, who have come into the active service of the Army or the Navy, and therefore are no longer in the pay of the Red Cross but in the pay of the Government, are given the compensation and the privilege of insurance the same as enlisted men or commissioned officers. They are not enlisted; they are not commissioned; they are only employed, but nevertheless, inasmuch as they incur the same risk it was deemed right that they should be included in this military and naval bill; and they are specifically mentioned in articles 3 and 4.

COMPENSATION.

Now, the question of compensation: Compensation is very much like the present pensions, except in the fundamental underlying thought. The pension, especially the service pension, has been regarded by many as a gratuity. This bill is based on the analogy of the workman's compensation act. If a civil employee is injured or dies in and through his service, the United States or any other employer pays compensation to him or to his family for disability or death; similarly the military employee ought to get it.

The bill strikes a new note, however, in one respect. The workman himself is the employee. He is the unit with whom the employer deals, and therefore in all the workmen's compensation acts, if a man is disabled, the amount of compensation that is paid to him depends upon his salary in the business and his family does not enter into the consideration. We felt in drafting this act, however, that the situation was different, particularly in view of conscription. Under the conscription law the family is conscripted when the breadwinner is taken away. The family in giving up its head is serving the country, and the family, therefore, ought to be looked at in determining the amount that the Government pays for disability or death; and so the amount that is paid, if a man becomes disabled in the service or, as the law puts it, in the line of duty, varies according to the size of his family; and, as a matter of justice, it was felt, and Congress indorsed the idea, that it should vary according to the size of his family from month to month. If the family status changes from month to month, from year to year, the amount of compensation payable monthly should change with it. If a man is a bachelor, he will get so much for total disability; 15 years from now, if he should have married and has children, the amount of his compensation will depend at that time upon his status then; and so, if he becomes a widower and has no children and no wife to look after, the compensation will be reduced to the same amount as that of a bachelor. Now, the amount of the compensation you will find fixed in the bill; the amount for total disability ranges from \$30 for bachelors to a maximum of \$75, maximum except for this, that if a man, whether bachelor or married, has a widowed mother dependent on him, \$10 is added because of that fact; further, the bureau may allow him up to \$20 a month if his condition is such that he needs the constant aid of a nurse or attendant.

Congress put in one further provision, borrowed from the pension laws. It destroys the harmony and symmetry of the bill; but those of you who are injured will care very little for the harmony and symmetry of the bill as against the increased compensation that it is going to give you. It provides specifically that, regardless of family status, a bachelor and a man with seven children shall be treated alike;

for the loss of both hands, both feet, both eyes, total blindness, or for a permanently helpless, bedridden condition, \$100 monthly shall be given.

In addition to this, the man is going to get governmental medical and surgical treatment, and he is going to be supplied, subject to regulations to be made by the bureau so as to prevent abuse of it, with such appliances as he may need, not merely in the beginning but as long as his disability continues, artificial limbs and eyes and things of that kind.

If he is not totally, but only partially disabled, the amount that he is going to get will be a percentage of the amount that he would have gotten if he had been totally disabled, a percentage of this \$30 to \$75 a month dependent upon his family status. That percentage is going to be fixed by regulations of the bureau, and is going to be based upon what may be found to be the decrease—the average decrease in earning power that similar injuries produce in civil life. Now, of course, that's a mighty hard job. You can not be exact about it, and experience will determine whether they have struck the right percentages or the wrong percentages; and they have the right to change those percentages. Germany and France and England have given us examples, and the experience of the whole world will be studied in fixing the schedule. The pension law has certain fixed schedules.

It was deemed best for the partial disabilities not to have something rigid, amendable only by Congress, but to have a more flexible system. The compensation is paid during the period of disability, whether that disability be total or partial, whether it last a month or last during the lifetime of the man; because a man may be completely disabled but only for a month and, on the other hand, he may be only partially disabled, but for life. Suppose he gets typhoid fever in the service; he may be completely disabled for two months. During those two months he will get his pay. If he then recovers and is entirely well again, after that he won't get anything.

A MEMBER. That is, after the man is separated from the service?

REEDUCATION.

Judge MACK. I will come to that later. To answer you specifically, yes; but I will go a little more fully into that later. Now, I say it is right and just that this should be done, but it is not the most important thing to be done. The Government is taking you men and your fellows whole, physically strong; by reason of your patriotic service you receive these disabilities. The primary duty of the Government is to make you well again, if it possibly can, and to stimulate you to make yourselves well again—well physically, well economically, and well mentally, of course. Germany has set the example in rehabilitating those injured in industry, and the rest of the world is following. The most important thing the Government can do is to rehabilitate the injured men; to reeducate those who because of their injuries are unable, after they get well, to follow their former occupations. The man who needed his hands for his job and has lost them must be trained to do something else without his hands. It is a tremendous job that this Nation and all the nations are facing. This particular bill does not provide how it shall be done. It merely assumes that it is going to be done and that further

legislation is going to be enacted when it shall have been determined fully after the most careful study how it can best be done. In the meantime the Surgeon General's Department has full power and authority and is making full preparations for the beginning of this sort of work, because as soon as the man is in the service he is subject to the service regulations, and the service has full power to go ahead with this sort of thing. The Surgeon General's Office begins with the base hospital; it provides possibilities of employment right there.

But on this subject this bill makes two fiscal provisions. We start out with this thought, that there is grave danger when men go through the frightful experiences that some will have to go through in the trenches and then the hospital experiences that they will have to go through, that they may lose all their stamina. This is particularly liable to happen when they know that the Government is going to give them something for the rest of their lives; there is grave danger that they will be content to go on with that minimum. But life, of course, is not static. If men do not go up they will go down, and the last men the Government and the people want to see go down are these men. Therefore the only thing to do is to see that they go up. They must be stimulated, and this bill provides two stimulants—one negative and one positive. The negative is this, that a man must take the treatment, must take the course of education that the Government will provide or procure to be provided, under penalty of suspension of his compensation during any period of unreasonable refusal. But that is negative; there is something better, there is something positive. It is not only in the interest of the man himself that he should be kept from going down, that he should be discontented with the dead level of the Government minimum compensation; it is equally in the interest of the State. It is in the common interest that every latent power of the man should be developed, that he should strive for the highest economic level that it is possible for him to attain; and in order to stimulate him still more to strive for that, it is expressly provided in this bill that the compensation which the Government gives him, let us say for the loss of his legs, is not going to be taken away from him because he has attained an even higher economic position than he had before the war. The compensation will be continued as long as the physical disability continues, regardless of the economic recuperation. After a man's discharge he can be reenlisted compulsorily under some form of reenlistment, if he needs reeducation; but, of course, until he is discharged he does not come within the provisions of the compensation article, because while a man is in the service and getting his pay he does not get the disability provision. Moreover, as you know, officers in the Regular Army are not apt to take these disability provisions, because they may be retired and get three-fourths of their regular pay on retirement. That does not apply, however, to the enlisted men and it does not apply to the officers in the National Army.

Now, there is, in my judgment, a very serious defect in the compensation provisions of this law—but Congress thought otherwise—a defect that may prevent the law from accomplishing one of its purposes. We hoped in making fairly generous and all-inclusive

provisions before the men go out, to prevent the special pension legislation, which has been one of the chief evils of the past. We attempted to do this, following the analogy of the workmen's compensation acts and the precedent, too, of all pension legislation, by basing the disability compensation on the pay that the man had been receiving; basing it, of course, also, as I said before, on the family status. The bill as presented to Congress provided not only for somewhat higher amounts than Congress finally gave—we began with \$40 instead of with \$30—but it also provided that the compensation should be a percentage of the pay with a certain minimum. Now, the minimum that was fixed was higher than the percentage for all under the rank of commissioned officers. But commissioned officers would have received more, and there would have been a distinction between commissioned officers and the others. We thought that this was right and proper, particularly in view of the fact that the commissioned officers in the Regular Army get three-fourths of their pay on retirement. Congress, however, decreed that no distinction should be made between disabled privates and officers, and for this reason, that under conscription the men in the ranks of the privates come, as the officers do, from all the walks of life, and there are plenty of privates who are making greater financial sacrifices than the officers. That seemed to be the reason that influenced Congress to wipe out all distinction between officers and men. The danger in so doing is, as I say, that there may be private pension legislation hereafter.

Now, the same thing was done in respect to the widows and children of officers and men who are killed either in the service or as the result of injuries sustained or diseases contracted in the line of their duty. Congress again said there should be no distinction between those of the privates and those of the officers. The amounts given you will find in the bill. They range from \$20 for the orphan child, \$25 for a widow without children, running up to \$60 for the family, with a possibility of \$20 more for a dependent widowed mother, but the total not to exceed \$75 a month. I need hardly say that all of these provisions are eminently more liberal than ever have been given before, and, at least for privates and noncommissioned officers, are very much more liberal than the pensions of any other country.

There is this limitation on the right of a widow to receive the compensation: That she must have married the man either before the injury or within 10 years after the injury. If she marries him more than 10 years after the injury, she gets no compensation as his widow. Of course, his children are treated alike no matter from what marriage they result, but the woman herself must have married the man within 10 years from the time of the injury in order to come within the provisions of the compensation act.

The law expressly provides for burial expenses not exceeding \$100, but that is only in case death occurs before discharge from the service; and it includes the return of the body.

Two more things about this compensation I must call your attention to: Compensation is dependent upon the injury having been received or the disease contracted in line of duty. Now, the director of the bureau may have a difficult task defining "In the line of duty." We tried to get Congress to strike out these words, because they have been defined in a number of different ways. I think, knowing him,

that he is going to take the most liberal construction that is allowed; but the injury must have been incurred in the line of duty.

One of the troubles about the administration of the pension act has been that men come up 20 or 30 years after the war and say they are sick now because of injuries received during the war. The problem was how to avoid this sort of possible fraud; there was adopted what we think is a fair measure—fair to the man, fair to the Government. A man must get a certificate as a result of medical examination either before his discharge or within a year after his discharge, stating that he has received an injury or contracted a disease in the line of duty which either has caused his disability or is likely to cause disability or death. Now, if he gets that certificate, then he has a *prima facie* case no matter when he becomes disabled or dies. If his disability or death is really a result of that injury he comes within the act. But if he fails to get that certificate, then he can not get compensation unless he dies or becomes disabled within a year after the discharge. In other words, he knows that unless he becomes disabled before or within a year after discharge that he must get this certificate in that time, stating that he has incurred injury or contracted a disease which is likely to cause death or disability in the future. Now, of course, if, on the next day, he should be run over by a street car and killed and his disability, whatever it might have been, had no connection with this accident, he would not have died as a result of injuries incurred in the line of duty, and his family could receive no compensation for that. But suppose he had become totally blind in the line of duty, and his blindness caused him after his discharge to be killed by a street car, then his death is due to an injury that he received in the line of duty, and the compensation would be paid; and that would be so whether the death occurred 1 year after or 20 years after discharge.

As to filing the claim, a man or his family must file a claim if he or they ever want to get anything under compensation provisions, and that within 5 years after the time the claim arises. The claim arises at the time the disability begins or death occurs.

A MEMBER. Judge, I would like to ask: On page 4, No. 6, it speaks of an officer in active service, does that include a person on the retired list assigned to active duty?

Judge MACK. Yes; that is why we have used the phrase "in active service" instead of using the phrase "on the active list." A person on the retired list assigned to active duty is in active service and it was intended to include him and does include him.

A MEMBER. Judge, referring to that page, it states there that members of training camps come within this act?

Judge MACK. Yes.

A MEMBER. Now, this training camp ends on November 26, and on the 27th the members are going to be discharged as civilians or commissioned as officers. Must this allotment for the wife be made in this training camp for the part of the month of November? [Laughter.]

Judge MACK. Well, I never thought of it.

A MEMBER. It would not be paid until after the men had separated from the service or become commissioned officers?

Judge MACK. I do not know. That's a puzzler. I guess the bureau will have to settle that.

A MEMBER. I would like to know, judge. I come from a training camp, and would want to get to work right away.

Judge MACK. You bring that up again on Thursday. It's a very good question.

INSURANCE.

The thought underlying the insurance article was this, that after the loss of the ordinary income that is compensated for by the family allowance, and the risk of loss of life and limb in the service that is compensated for by the disability and death provisions, which we have just considered, comes the loss of present insurability. Men ought to insure themselves against the inevitable; whether they do or do not is, of course, a matter of their own concern. But in ordinary peace times every man who is fit to be in the Army, or at least to enter the Army, can go out and buy insurance. The result of entering or being in the service is that he can not buy insurance. I say can not; I mean, practically speaking; literally you can, but at a prohibitive rate. From your standpoint, the rate is exorbitant, and therefore prohibitive, even though, from the standpoint of the insurance company, the rates may well be entirely reasonable. We do not know what the risk is going to be; we do not know to what extent the mortality or disability percentage is going to be increased. It's really largely guesswork, even though we take the European experience as a basis; and because of this the insurance companies are adopting different rates. Some of them absolutely refuse to insure men against this hazard at all. Others are ready to insure them at the present time at an additional rate of from \$37.50 per \$1,000 to \$100 per \$1,000. That would mean for you from \$375 to \$1,000 a year extra on \$10,000 insurance over and above the ordinary premium that we civilians would pay, just because you are in the service.

Now, it was felt that it is utterly wrong for the people of this country to throw that burden upon the men in the service, and that that at least is a definite loss which the Government can replace. Further, it was believed that there is only one really adequate way of replacing it, of making it good, and that is by giving back in kind what has been taken away, by restoring your insurability and restoring it on at least as good a basis as the rest of us had. The only feasible way for the Government of the United States to restore the insurability of you men is to sell you the insurance that you could have gotten in private insurance companies, and therefore that is the plan that was adopted. It was urged that the Government pay this extra premium to the private insurance companies, and the private insurance companies were ready to be very fair and just and generous if that had been considered. Many were, and I think all of them would have been, entirely willing that this extra premium be set aside as a fund, and if there was anything saved out of it that it should be given back; but, on the other hand, if it was exhausted and more than exhausted, the Government should pay the difference. That would have been one way of handling the matter. The Government could have said to you, "Take any insurance you please in any company you please, and whatever extra premium is charged we

will stand back of you for it." But the Government of the United States is not in the habit of carrying its insurance in private companies; it carries its own insurance so far as fire is concerned, and there is no reason why it should not carry its own insurance so far as your lives are concerned.

Then, again, it was felt by many that to make such a proposition would be to give a general Government indorsement to every insurance company or fraternal organization of which any of you might be members, and the wisdom of the United States Government setting its stamp of approval indiscriminately upon all companies was doubted, because, while most of the companies are good and many of them excellent, the United States is not ready to say that it will back up every company.

No good reason was apparent against the United States itself directly insuring you men. And there are many reasons in favor of it. You are a limited class; but for the war you would be the best class of insurance risks that could be found in the world. The Government of the United States, if it went into the insurance business, would not have the number of items of expense that the private insurance companies have. In the first place, it would not have the expense of commissions to agents, and that's a heavy item of expense, because it has been demonstrated up to now that men will not do the sane and the right thing for themselves and their families by taking out insurance in private companies unless they are driven to it by insurance agents [laughter]—driven to a realization of their obligations to their families and to themselves. But the United States Government when it offers you the opportunity to buy this insurance at less than peace rates does not need any insurance agents; this opportunity is so wonderfully attractive that a man must be a fool or crazy and not fit to be in the service if he does not avail himself of it to the utmost extent of his financial ability.

Then the Government pays no taxation; it has no medical examination fees and medical inspection and supervision, because it is going to take you all as you are. There are a few of you who may not be insurable. Some who have been in the service a long time might not be able to pass an examination now; and yet, comparatively, their number is so small that it is a negligible quantity when you consider the million or two million or more possible risks. The great mass has just undergone a careful medical examination. They would not be in the service if they were not insurable, and so the Government does not need to incur the expense of medical examinations.

And then the Government need not advertise or look for investments and employ high-priced and high-salaried men to conduct its business. Government salaries, as you know, are ludicrously small. Men work for the Government at a quarter to a tenth of what they could get in private life for the same amount of work with the same ability. That is one of the advantages the Government has, because it is the Government and because men are patriotic or want the honor and are ready to serve the Government for so much less. And so the only expense that the Government has is that of the actual administration of this insurance office; and as this insurance is limited to our fighting forces, it seemed only right and proper that the

cost of administering it should not be charged up to the men, but should be deemed a general governmental war expense. When that was once decided, it followed that the Government could well afford to sell this insurance not merely at peace-time rates, but at peace-time rates less the loading which private companies add for expenses and emergencies. Now, this so-called loading runs from 20 per cent to 35 per cent of the amount that would otherwise be charged, and therefore, if you deduct this, the Government could afford to sell its insurance from, say, 20 to 30 per cent less than the private companies would charge. That is quite an item in the premium, and that is what Congress decided to do.

Then came the question what kind of insurance should the Government sell. Should it sell every kind that the private companies are selling or not? There are many reasons, dependent upon the particular circumstances of the individual, that would lead him to take, at some particular time of his life, some one or the other of the many forms of insurance that are offered, and there are very valid arguments that are urged by the insurance agents in support of the one or the other kind of insurance, as being the best kind for the particular individual at any particular period of his life.

Now, let me illustrate: A young man unmarried feels that he wants to have something substantial at the end of 20 years. He says "I do not want to pay out all my money just for the insurance protection alone as I pay my fire-insurance premiums. I want part of it to be a saving." Well, the man that feels that way will take, we will say, a 20, 25, or 30 year endowment policy. If he takes out \$10,000 of that kind of insurance, then at the end of that time he will get the \$10,000. He has created this fund for his subsequent use. The other young man is married. He says, "I want to protect my family more than myself. I do not want that money, I want my family to have the \$10,000 when I die. I want to get it for as little money as I can, but I want to get done paying for it in 20 years." That man will take a 20-payment life policy. And another man says, "I want to pay still less. I can do it by paying all my life, instead of for only 10, 15, or 20 years. I know that I will always have enough to keep this up, but I don't want to pay in so much as a 20-payment life will cost, and I will take an ordinary life."

Well, then, another man says, "I need as much insurance as I can possibly get for the money that I can afford to spare during the next five years. I want the cheapest safe insurance that I can get. I am just about to go into business. I can not see my way clear for the next five years. If I should die during that time, it is going to be very disastrous for my family. I need every penny that I can spare to put into my business during these next five years, and yet this is the time of all times when I need all the insurance that I can get. Now, after five years either I will be down and out or I will be prosperous, and then I can afford to take better insurance." Well, now, that kind of a man if he is properly advised by the insurance agent, will take what is called a five-year convertible term policy. He will take a policy that costs him very little during those five years, but that will give him the right or perhaps will compel him at the end of five years to convert it into something else that is more permanent in its character. During those five years he must get

all he can for his money. It is a particularly hazardous time for him. Suppose, again, that he is going into an occupation that is particularly risky, and that he knows is not going to last more than that time. He says to himself, "This is a very risky job that I am going into. I would be a fool if I did not take the very cheapest kind of safe insurance, because it will bring me just as much, if I die during this period of extra hazard, and then when the period of extra hazard is over and when I am in a normal situation, I will take the kind of insurance that is best suited to my then circumstances, something that will not compel me to pay money all my life."

The kind of insurance that man would take is what is called a five-year convertible term or a five-year renewable term. Let me explain the word "term." Straight term insurance is something like fire insurance—you are insured for a term, and when that term is over you are not insured. Now, if you were to take insurance for a term of years, and at the end of that term you were down and out and had no insurance, you would be taking a very foolish kind of a policy, unless it were a case where you had to protect somebody for five years, and you were absolutely certain you would not need the protection after that time. But, of course, that is a very rare case. Most men, if they want to take a term insurance, want to take something that will be very cheap for the term, but which after that time will enable them to go on with some other kind of insurance. That is called renewable or convertible term insurance—insurance companies issue it. While it is like straight-term or like fire insurance, it differs in one very important respect, that you can keep up the insurance as long as you live; the company can not say at the end of the year, "We will not renew your policy." But it is like fire insurance in this: When you go into a fire insurance company you pay your premium for a year; if your house burns in that year, you get your insurance money; if your house does not burn in that year, you are lucky; but at the end of the year you have nothing; your insurance is done for and you do not get anything back. Why? Because the premium that you paid is the cost plus whatever profit there may be—the cost of that risk during that one year. Now, term insurance is like that, too. At the end of the year you are lucky if you have not died. You have paid the cost of carrying you during that year.

Suppose, for instance, that there were a thousand men aged 29 that banded together, and they said, "Now, we want to protect ourselves against death during this next year; what will it cost us?" Well, if they turn to the sort of tables that are used by the American insurance companies, and that are called the American Experience Table of Mortality, they would find that, out of a thousand men aged 29 living at the beginning of the year, in the long run and on the average about eight of those men would die during the year. Well, now, if they were to chip in, each of them taking out \$1,000 worth of insurance, the eight who died would have to get \$8,000 from the 1,000 men. That would mean that each man would have to pay \$8, and that would bring the \$8,000. The fellows that die would get their \$1,000 apiece, the eight of them, and those that live would have nothing at the end of the year. The next year they would begin over again. Now those men are 30 years of age, and, instead of eight

dying, the percentage would be, we will say, eight and one-quarter, and for that reason they would have to pay \$8.25 apiece to make up the amount; and so, of course, as they grow older the chances of dying are greater. The number that would die each year is greater; and therefore, paying in the amount that each would have to contribute to make up the death losses that are expected, the expense or premium would grow heavier and heavier as they grew older.

Most of you would be surprised at the proportion of men who live to a real old age; the United States Life Tables, 1910, show that 40 per cent of men 20 years of age live to 70. Those are the figures that are given in the United States tables. Infant mortality is very high. A large percentage die the first five years; a fair percentage the first 10 years; a very small percentage the next 10 or 20 years; then the percentage goes up higher, and yet at the end of 70 years 31 per cent of males born survive; this equals 40 per cent of those who reach the age of 20. Then they begin to die off quickly. And so when you come to real old age, the cost of term insurance becomes tremendous and is a terrible burden. Now, it is very unwise for men to take out insurance that costs them a very few cents when they are young but an excessively burdensome amount when they are old, and are least able in all probability to pay it. And therefore it is very unwise for men to take out renewable term insurance as a permanent thing.

It has no paid-up value; if premiums are not paid it is not kept up and the insurance is not extended. Now, that is the principal and the best reason why insurance companies and insurance agents do not advise men to take yearly renewable term insurance, continuous for the man's life. But there are companies that issue it. Others change it a little; instead of the premiums going up each year they increase each 5 years or each 10 years. Now then, let us consider the two propositions that I have tried to state: First, that it is a bad thing for a man to take out yearly renewable term insurance with the intention of keeping it up for his life, because when he gets old it is going to be difficult for the average man to keep it up; second, that if a man is going into an extra hazardous occupation for a short period he would be extremely foolish if he did not take the very cheapest kind of insurance he could get, provided only that after the hazardous period is over he has the right to change it into some one or other of the forms best suited to his circumstances.

Now, the kind of insurance that the United States Government is issuing is based upon the validity of those two statements. The military and naval forces are going into an extra hazardous occupation. That is evidenced by the fact that the insurance companies are charging them the heavy extra premiums. They would be foolish during that period of extra hazard if they took anything but the very cheapest insurance that they could possibly get. The United States in issuing this insurance is not trying to make money out of the boys; it is not trying to do something for its own good. It is trying to do the best it can for them. Therefore it was felt that the United States should issue only that insurance which is most desirable for the men. And therefore it is provided in this bill that during the period of the war the only kind of insurance that the United States Government will issue to you is this so-called yearly renewable term insurance, the cheapest possible insurance that you can get. But it would be equally wrong for the United States to tempt you into keeping up the kind

of insurance which for the great mass of the men in the service—of course, there are exceptions, but we have got to go by the great mass—would become impossible to carry when they reached old age and would therefore be nothing but a snare to them. And therefore it is provided that while the United States will sell only this cheapest kind of insurance during the war, and while it will permit you to keep it up, if you want to, for five years after the war, so that you will have plenty of time to consider what is best for you as a permanent policy, when those five years are over, or earlier if you want to, you must change that insurance into one of the more permanent forms. It will cost you more of course, but whatever it costs you you will more than get your money's worth.

And what is this renewable term and this converted insurance going to cost you? Let me explain the method of determining premium rates. All insurance premiums are based upon this term insurance. If you take what is called an ordinary life policy, you do not pay a premium which increases each year, but if you were to live out your full expectation of life you would be doing the equivalent thing. Instead of the yearly increasing term rate, the company charges you the same amount every year. But how do they arrive at the amount that they ought to charge you? By a pure mathematical calculation. An average premium is arrived at due to the fact that those dying young will pay few premiums and those living long will pay many. Of course, the result of that is that when you pay exactly the same premium in youth and in old age, you are paying more than the insurance costs at the earlier period and less than the insurance costs at the later period. Now, if you want to cut your premium payments down so that you will pay them for only 20 years, a similar mathematical conversion is made. Instead of paying every year of your life so and so much, you concentrate the payments in the first 20 years of your life, paying more during each one of those 20 years than if you paid during each of, say, 40 years. It is all calculated out to a penny on the basis of the American Experience Table of Mortality and on the basis of money bringing a certain income. In some companies 3 per cent is the basis, in most companies $3\frac{1}{2}$ per cent, and in a few companies 4 per cent. The United States Government selected $3\frac{1}{2}$ per cent because that is the rate of most of the companies and because at the time the bill was drawn the Liberty Loan brought $3\frac{1}{2}$ per cent.

Now, what is the result? The exact figures that the insurance companies use as their basis in determining the premiums have been adopted. But the Government has not added the loading for expense and safety margin that they add. It has taken the true, the natural premium, based on exactly what the insurance companies base their premiums on, the American Experience Table of Mortality and a $3\frac{1}{2}$ per cent interest rate. The premiums are determined according to the age at nearest birthday. In Bulletin No. 1 you will find the premiums for each age.

Now, there is nothing remarkable about the figures being so low; there is nothing remarkable about our statement that this insurance costs a man aged 29 about \$8 per thousand per year. Life insurance companies could sell it for that but for the \$2.50 or \$3 added for

expenses. But ordinarily you do not hear about this kind of insurance, and for the reasons that I have stated ordinarily it is well that you should not hear about it. In this particular crisis, however, it is a great thing for you that the United States Government decided to sell you only what is best and cheapest for you, and then to make you convert it within five years after the war into one of the more permanent forms if you want to keep it up.

In an insurance contract you never bind yourself to anything. It is the company that binds itself. It is the United States Government in this case that is bound. You are under no obligations at all. You can take this insurance, or you can decline to take it; you can keep it up or you can drop it; moreover, you can drop it any month you please, because, while the premium is based on yearly renewable rates, really it is monthly renewable insurance. You are insured from month to month. Any month that you want to stop you need only say to the Government, "I do not want to keep up my insurance any more," and automatically you are released. The Government does not care. If you think you can carry the risk yourself, well and good. There is no compulsion about it. The Government has given you the opportunity that the war deprived you of. It is up to you to say whether you want to take advantage of it. It is not giving you the insurance, because it did not take insurance away from you. It is giving you the insurability, because the war did take your insurability away from you. But if you do not want to avail yourself of your now new insurability, that is your privilege. It is only right and proper that you should have a limited time within which to make up your mind, and the law fixes that limited time at 120 days. You can decide during the 120 days whether or not you want to buy the insurance. If you indicate that you want it, well and good; it will be issued to you. Then, as I say, you can give it up whenever you please, the whole or any part of it. You can keep it up for life or during the war; after the war you can keep up the term insurance for five years and then convert it, or you can drop it at any time; at the end of the five years, you can convert it, or if you do not want to convert it, you can give it up. But unless you take it during the 120 days you won't get it at all. Unless you take all that you want up to \$10,000 during the 120 days, you can not increase it after that; you can decrease it, but you can not increase it. You must fix your limit during the 120 days.

The law is thoroughly democratic. Some of you might want \$100,000 insurance, but it would not be fair and just for the Government to give you that. The Government can only give you a reasonable measure of protection, and Congress finally decided in accordance with the original suggestion, strongly urged by President Wilson, that \$10,000 of insurance was a reasonable measure of protection. Every man and woman in the service, officers and men, are entitled to this service in equal measure. It is true that the average American policy is only \$1,800, and it is likewise true that the average young man fails to take any insurance. But nobody knows what he might have done, particularly in view of the war, and it is but reasonable and just that the people of the United States should give him this chance. He is a free American citizen

and it is up to him to decide what use he wants to make of the opportunity. But it is democratic in this; the right to buy up to \$10,000 insurance is not only granted to all alike, but every private can afford to buy the limit, if he so desires.

It was felt that the insurance of this kind ought not to be the subject matter of speculation. Therefore, these policies, unlike the policies issued by private companies, are not assignable. Other people can not take out this insurance on your life and make a speculation out of it after your death. Your creditors can not touch it any more than they can touch your pay. It is given that special protection. Further than that, inasmuch as a man can so arrange his private insurance that it will go to his wife and children free from the claims of creditors, it is specifically provided in this bill that the creditors of the beneficiaries can not attach it. And thus it is a peculiarly protected kind of property for you and for them.

In line with this idea that it should not be assignable or speculative, the law specifically provides that it can be payable only to certain classes of beneficiaries, wife, husband, child, grandchild, parent, brother, or sister; nobody else. But the definitions of section 22 apply here, too. Personally, I think that is too narrow. As the bill passed the House of Representatives it provided that the bureau would have the right to extend the classes of beneficiaries. The Senate struck this out. I think that is a defect in the bill, a defect which I hope may be corrected in the future.

Now, even the permitted class of beneficiaries can not speculate on your life. If a wealthy brother pay the other brother's premium, he gets no vested rights because the insured has the absolute right at any and all times to change the beneficiary, cutting out one member of the class and putting in some other. He can not go beyond the permitted class, but he can change within that class just as he pleases.

Then, another provision that the Government generously added: While it based the premiums upon these extremely low term rates, it added this provision that not only on a man's death should the policy mature, but also on his becoming totally and permanently disabled. This has nothing at all to do with the compensation provision. You pay nothing for that. The compensation is given only if the injuries are received in the line of duty. Your insurance against total disability or death is against total disability or death, no matter how it arises or when it arises, whether in the service or out of the service, because of the service or not because of the service. It is like insurance in any private company and covers all contingencies. But, as I say, added to the life insurance, the Government throws in for good measure the provision that if before death you become totally and permanently disabled, the policy will then become due.

Now, in its solicitude for the men and for the families, and acting—and properly acting—in a somewhat paternal manner, the Government has provided that you can not get this insurance paid out in a lump sum, and that your family can not get this insurance paid out in a lump sum. It is not only free from creditors, but it is going to be paid out only in monthly installments over a period of 20 years, which means 240 monthly installments. If, however, you become

totally disabled and the total disability continues more than 20 years, the same monthly installments will be kept up for you as long as the disability continues.

As to your wife and children and the other beneficiaries, these payments cease at the end of the 20 years. You or they can, however, arrange that instead of 240 installments of \$57.50 per month (because that is what a \$10,000 policy is converted into) there shall be 240 installments certain, and they shall continue as much longer as the wife or child may live; but in that event the amount of each installment is cut down, dependent upon the age of the wife or the child or whoever the beneficiary may be at the time of your death. All of that, however, will be figured out just as private insurance companies figure it out.

The installments are calculated on a $3\frac{1}{2}$ per cent interest basis. That may seem pretty low to some of you who may be accustomed to getting 6, 7, and 8 per cent in the western country. But the United States Government is not in a speculative business. It can not expect to get more for its money than $3\frac{1}{2}$ per cent, although, of course, just now it is paying 4 per cent on the new liberty loan; but that was a fair, conservative basis. And any man can well afford to leave with the United States Government, the safest debtor on the face of the earth, some part of his money for the protection of his family, even though that debtor pays only $3\frac{1}{2}$ per cent interest, instead of taking the chances that his wife and child will speculate with his money in the hope of getting a larger rate of interest.

There is one other provision that I must call your attention to; it is a little difficult to explain, and yet I must try to explain it clearly because it is in the blank applications, and it is due to a little slip in the law. You will find in the application blanks at one place in heavy type, "Strike out whichever is not wanted," and just before that is, "Date of signature or February 12, 1918." Now here is the situation: It was felt, and this suggestion came directly from the Secretary of the Treasury—it was felt that the men who should have become totally disabled before this law was passed, ought, to some extent at least, to be put in the position of the boys who are now in the service. And so it was suggested that they be given some amount that would be a fair average of the insurance that could be taken out. It was finally decided that any man who had been killed or had become totally and permanently disabled before this law went into effect should be considered as if he had taken out insurance which converted into installments would bring \$25 a month.

Now, \$10,000 brings \$57.50 a month; on that basis \$4,500 would bring \$25.88 a month, therefore \$25 a month is the equivalent of something less than \$4,500, and something more than \$4,000. In other words, if a man took a policy for \$4,000 his family would be paid at the rate of \$23 a month, and if he took a policy for \$4,500 his family would be paid at the rate of \$25.88 a month, and if he didn't take out any policy at all, but died or became totally disabled before this law went into effect, the Government gives them or him \$25 a month. But more than this; you have 120 days from the time that the terms and conditions of the policy were promulgated, October 15. That is until February 12, 1918, to make up your mind whether you want to insure, and if so, for what amount. If you

should die or become totally and permanently disabled while you have this option and before applying for the insurance, you or they will likewise get the \$25 a month. But now the unfortunate slip in the wording of the law was in the use of the expression, "without having applied for the insurance."

Now, suppose you had applied for \$1,000 worth of insurance, inasmuch as you would have applied for insurance, you would have cut yourself out of that \$25 per month, even though the \$1,000 insurance would bring only \$5.75 per month. That would be very foolish, and therefore the bureau would have preferred to say that if you apply for less than \$4,500 it would in every case regard it as an application not for an immediate policy, but for a policy to be issued on February 12, the last day on which you could apply. In this way you would have been fully protected. But there was this one obstacle: The \$25 that the Government gives the man who does not take insurance is payable to the man himself as long as his disability lasts, but if he dies the class of people to whom it goes is still more restricted; only his wife, his child, or his widowed mother can get it. Now, suppose he has no wife, child, or widowed mother; suppose he has a father or a mother and a father and he would like them to get the benefit of the insurance. If he applies for insurance and makes it payable to them, they will get it. If he does not apply for immediate insurance, they can not, in any case, get the \$25. Suppose he applies for \$1,000 worth of insurance; here is his dilemma, due to this little slip in the law. He has applied for insurance, and therefore he can not get that \$25 per month if he is totally disabled. A thousand dollars insurance brings him, however, only \$5.75 per month. Therefore if his application is to be effective right now he would get only \$5.75 instead of \$25 per month should he become totally disabled before February 12, but at his death his parents would get \$5.75 per month, whereas if his application is to be effective only on February 12 he would get \$25 per month during his disability; but, on the other hand, if he died his parents would get nothing. Now, there you are. There is the dilemma. The man must choose the lesser of the two evils; the bureau can not choose for him.

There is, however, a way to avoid this dilemma by taking at least \$4,500 of insurance; and that is the thing for him to do, because even if he does not want to keep it up after February 12, he can drop any part of it that he pleases; and rather than lose or run the risk of losing something by death or total disability between now and February 12, the wise thing for him to do, even if he wants only \$2,000 permanently, is to make his application for \$4,500 now. He can not lose much by it, anyway, because the whole cost, at age 29, for \$5,000 is only \$3.45 a month. Then he and his family are protected against all contingencies. Personally I think that if a man insists on taking less than \$4,000 he would better strike out "Date of signature" and leave in "February 12, 1918"; if he then becomes totally disabled before February 12, he will get the \$25. Of course, if he dies before that date, he cuts out his father or married mother. But it is up to him; he must make up his mind, and the best decision is to take at least \$4,500 of the insurance. In that case he does not have to answer that question, because, as you see in that application, in that event the application states that it is to be effective at once. But if it is for

less than \$4,500, and in favor of a wife, child, or widowed mother, it is to his interest to have the new insurance date from February 12, because in that case he, his wife, child, or widowed mother would all be better protected with the \$25 monthly in case of death or disability before that date.

A MEMBER. Judge, that is rather complicated, and it is rather hard for us to understand. Does not your ingenuity prompt you to put some sort of clause there that will waive all this?

Judge MACK. Not only have I tried, but a half dozen of the best actuaries of the country have tried. We can not. I want to say that this bulletin of the terms and conditions of the contract of insurance has gone through the hands of some of the most experienced actuaries of the country, both in cooperation with me and subsequently in criticism. I must confess a slip in omitting a word or two in the law that would have obviated it; but until Congress meets again the law can not be changed, and even then it will be difficult to get an amendment through right away. As the law now stands, the situation is as I have explained to you. If a man wants less than \$4,500 insurance, and if he wants the beneficiaries to be other than wife, child, or widowed mother, he is up against a dilemma because of the generosity of the Government in giving him something for nothing, in case he becomes totally disabled or dies before February 12. There is only one of two solutions to the dilemma. Either take \$4,500 insurance or more and by all odds the simplest thing for you to explain to the men is that, or go into an explanation and tell them why they must choose between one or the other, and I admit that will be difficult to do.

A MEMBER. I am going to avoid the explanation.

Judge MACK. Well, I do not doubt that practically all the men in this room are going to avoid the explanation, because when you consider the amount, the cost, the very low cost during the war, and for five years afterwards, of the entire \$10,000 insurance, there is no reason why a man should not take out the whole amount. Now let me add, in conclusion, a very few words:

There are many unmarried men in the Army. A great majority of them are unmarried. It is not always easy for unmarried youngsters, particularly, to understand the need of insurance. I think it is your duty to bring home to them a realization of one fact, which is very important for civilians but infinitely more important for these men to understand; the fact that a man is uninsurable practically never prevents him from getting married and having children. I say practically; of course his degree of uninsurability may be such that he would not marry; but even then it is not the mere fact of uninsurability that prevents him; it is some disease or something of that kind. The important fact, that the insurance companies say he is not healthy and that they won't insure him, rarely if ever stops a man from getting married and having children. Now, he can not protect them with life insurance. A civilian, therefore, ought to take out life insurance when he is well, because he may, through an accident, become uninsurable any day. Infinitely more important is this for the boys in the service. Of course, every one of them realizes that he is running risks. For them this is a tremendous opportunity to get protection for the future. They are the ones who are most likely to become uninsurable; and yet the desire to marry and to have children will not be given up. They won't be able to protect

that wife and those children by insurance hereafter. If they take it now, they have the protection.

There is not a private in the service who can not afford to take the full amount of \$10,000 insurance, even though he gives \$15 a month to his family. Take the average of, say, 29—\$6.90 monthly for \$10,000. Add that to the \$15—less than \$22. He is getting for service in France \$33 and for service in this country \$30. He still has sufficient spending money, and he is building up a tremendous protection for the future both for himself and his family.

One of the main reasons for the Government giving this insurance opportunity was this: The two things that have given the pension system, justly or unjustly, its present name are, first, the special legislation for private pensions, and, second, much more than that, the so-called service-pension legislation. That began 25 years after the Civil War. Now, as I said in the beginning, no one begrudges the man who is injured in the service or as a result of the service, or the family of that man, in case he dies as a result of that service, anything that the Government may grant him. But there is a tremendous difference of opinion as to whether because a man served in the war and has now reached the age of 62, or has now become disabled or has been killed in a street car accident out in the street 25 years after the war, death or injury that had absolutely nothing to do with his war service, that man or his family should be given a pension. The majority decided in the general service-pension legislation that he should. A very strong minority thought that to be a degradation of the pension system. I am not saying which was right and which was wrong. It may well be that the majority was right; that because the Government, when these men went out to service, took no care of their future, unless they were disabled in the service, that they were justified in asking service pensions of the Government.

Now, one of the main objects of this insurance provision is to stop that sort of thing in the future. To some extent, it puts him in the position of appealing to his Government for help, not because he has become disabled in serving his Government, but merely because he once served his Government patriotically. Men do not like to be put in that position. An infinitely preferable method of meeting the need is by self-protection. A man can protect himself against disability and the inevitableness of death and their consequences by insuring himself, insuring himself when he is well, insuring himself at the beginning of his service so that later on in life, through his own efforts, he will have saved something for himself and for his family, and will not have to go to the Government and say, "Just because I served you patriotically, despite the fact that you cared for me then, and that you promised to care for my family in case disaster came upon me as a result of my service, I now say that I want your help." This insurance is intended to protect men from being compelled, as our Civil War veterans felt compelled, to put themselves in that position. Whether or not service pension legislation will be averted, of course no man can foretell. No Congress can tie the hands of any subsequent Congress. But this Congress has erected a moral barrier on the firm American basis of self-reliance and self-protection. Every man in the service should avail himself of the opportunity, not merely for his own good, not merely for the good of his family, but for the good of the whole country,

because, whether we consider service pensions good or bad, surely we will all rejoice if, through this insurance opportunity, the heroes of this war will be spared the necessity of asking for service pensions.

A MEMBER. There is a provision in the Army Regulations that an officer or enlisted man losing his life by death or otherwise while in the service is entitled to six months' pay.

Judge MACK. Yes.

A MEMBER. Is it written out?

Judge MACK. That is written out. The existing pension laws and these other laws are superseded by the new provisions. The compensation and the insurance take the place of it. Whatever rights a man has that have accrued in the past are retained; a man who is getting a pension to-day continues to get it.

An important question was just asked me. I ought not to have assumed you know the answer. This insurance, once issued by the Government, can be kept up forever, not only during the war, but afterwards; not only during the period of term insurance, but when you convert it. It has nothing to do with private insurance companies. It is Government insurance forever. It applies for all time to all men who take it out while they are in the active military and naval service, not only to those now in service, not only to those serving during the present war, but to the soldiers and sailors for all time; and it will be continued for them after they leave the service.

INSURANCE INFORMATION BUREAU.

Section 24 provides that the bureau shall on request give information and act for the men in reference to any policies of insurance. That means this: There will be an insurance department; it will have experts in charge; and it will, if it can, be helpful to you, because most men are wholly ignorant of insurance and of all the technicalities in their policies. Those of you who have no place to leave your insurance policies can leave them on deposit there. Those of you who have no one to be notified when your premiums are coming due on your private insurance policies can have the bureau act as your agent. Supply it in some way or other with the money to pay your premium, so that you do not lapse your policy. The bureau wants to be a real help not only as to this Government insurance but as to other insurance which you may carry.

FILLING OUT APPLICATION BLANKS.

Let me again impress upon you the exceedingly important obligation to re-present to the other fellows in the camp what you have gained from these three days of conference, so that they and their families may know their rights. And, secondly—and this relates to the privates and to the noncommissioned officers—that they may know their duties under the act. For the enlisted men have an absolute duty under this law—to fill out these allotments and allowance blanks. It is the duty of every man under the grade of commissioned officer, whether he is claiming an allowance for his family or not, whether he is under compulsion to make an allotment or not, to fill out a blank giving the information, because only if he does fill it out can the department know—at least

know *prima facie*—whether or not an allotment is compulsory. That follows from the provision of the law that if he has a wife, child, or former wife, divorced, to whom alimony has been decreed, automatically a deduction from his pay must be made. Therefore every man must answer the question whether he has anyone in this class. If he answers it in the affirmative, he must then go on and state who they are, and that irrespective of whether he wants them to get an allowance or whether they want to get an allowance, or whether they want his allotment or whether they don't want his allotment, because he hasn't the final decision as to whether an allowance shall be made.

The family has the right to claim the allotment and the allowance against his will. The bureau has the right, and even though the family should be inclined patriotically or for other reasons to waive the allotment, to compel him to pay the allotment.

Now, the men in the Army are gathered from all ranks of society and all classes of men, and it would be incredible if there were not some men in the Army who would be inclined to shirk their duty in this respect. Therefore it is important to acquaint the men with the instructions that you will find with the allotment and application blank. It is important that they should know at once that the United States Government requires absolute frankness and honesty in the statements that are made, and in addition to its being a military offense, a willfully false statement will lead to civil prosecution for perjury, with the penalty of imprisonment in the penitentiary and a heavy fine.

It does not make any difference whether the man has gone into the army as a single man or not; when he comes to give this information, if he has a wife or children he must come out and say it. So far as illegitimate children are concerned, unless he has acknowledged them in writing as his own, or unless he has been decreed by the court to support them or to contribute to their support, he can not be required to give any information. But as to any illegitimate child that he has in writing acknowledged as his own or that he is ready at this time to acknowledge in writing as his own in order that it may receive the governmental support, and as to any illegitimate child to whose support he has been decreed to contribute, whether he says it is his child or not, if the court has found against him, it is his absolute duty to give the information.

This information, of course, that is given in these blanks is not for public circulation. It is to a very considerable degree confidential, for the use of the bureau and for the use of the Army. Men ought to be impressed with that fact in order that they may not bring upon themselves the penalty for giving false information and in order that they may not by their false information tend to deprive those who have a claim under the law of that claim.

Of course, it is just as serious to overstate as to understate. Unless the man is really married to the woman, at least in the sense that they have openly lived together as husband and wife for two years—when I say openly lived together as husband and wife I mean held themselves out to the community and been considered by the community as husband and wife day after day—he must not say that the woman is his wife if she is not. But for the purposes of the allowance and the allotment article the law expressly says that when a man and a woman have lived together openly and publicly in the acknowledged

relation of husband and wife, that will suffice, and in the absence of a legal spouse who, of course, has the only claim, the first claim and the only claim, the marriage between these two will be conclusively presumed. That does not apply to the insurance article or to the compensation article in case of disability or death, but only to the family-allowance section.

Now, gentlemen, I was asked at the beginning of the session about this compulsory deposit. Let me say first that no regulation has as yet been made by the Secretary of War or the Secretary of the Navy compelling a deposit, and I was asked whether the amount that a man pays for his Liberty bond would be considered. The answer is, that the law says that the most that you can be compelled to deposit with the Government is one-half of your pay. Now, that is the most; but before any of that half pay is to be deposited there will be deducted from it any allotment that you make, whether it is a compulsory allotment or a voluntary allotment. Now, then, let us illustrate that by an example. Suppose a man is getting \$90 pay, and suppose he has not allotted anything. The Secretary of War can say, by regulation, "You must deposit so much of one-half of your pay; that is, of \$45 as is not allotted." Suppose a man has allotted \$15 to his wife, \$5 to his mother, and is paying \$15 a month insurance premium. That is \$35 already; assume that he promised \$10 monthly for a certain period for Liberty bonds and told them to take that out of his pay. That is also an allotment. You now have \$45. That is half his pay. There is nothing left that the Government can compel him to deposit. One-half of his pay is subject completely to his own will. Of course, if that man wants to allot \$30 to his wife and \$15 to his mother, that is \$45. If he wants to allot \$10 for a Liberty bond, that is \$55. And if he wants to allot another \$10 to pay his insurance, that will be \$65. That will all be deducted from his pay, and he will get the balance of his pay, \$25.

A MEMBER. Let me ask you a question, please, right there. Do not talk about the \$60 man or the \$90 man, talk about the \$30 man.

Judge MACK. The same thing applies. Suppose he is paying \$15 to his wife and two children. The other \$15 he can do with as he pleases. He can allot it or any part of it subject to some possible regulations that may be made which may say that every man ought to keep something out of his pay.

A MEMBER. Suppose that in the meantime he has already obligated himself for \$20 for a Liberty bond.

Judge MACK. If he has allotted \$20 for a Liberty bond, he can not pay it out of his pay, because the first thing is the compulsory allotment to his wife and children. That comes first.

A MEMBER. He is already under the contract obligation to pay \$20 for Liberty bonds.

Judge MACK. Well, he has no outside resources.

A MEMBER. No, sir.

Judge MACK. He can't meet that obligation. But the Government will have to relieve him of that. In my judgment, some general order ought to be issued, and ought to be issued mighty quickly, to answer that question. But this law has nothing to do with it. A man can't allot away from his wife and his children, because that is a compulsory deduction, and he can't get away from it. His entire

pay is not within his control. If he has a wife and children, or a divorced wife who has a claim on him for alimony, the compulsory allotment comes first and will be deducted automatically unless he asks for exemption, and reasons are found to exempt him, or unless she waives it; but otherwise that has got to be deducted.

A MEMBER. I would like to bring up the question presented in the preceding question. Suppose he gets \$40 a month. He has a wife, two children, and a dependent mother. All of them dependent upon him for support. Let us assume that that man has obligations. old-line insurance companies or otherwise, which he feels compelled to meet, and he feels he can not contribute more than \$20 to the compulsory allotment. How can he best place the allotment so as to meet the compulsory family allowance?

Judge MACK. In the first place he must pay \$20 to his wife and children. If he wants his mother to get the Government allowance he must do one of two things, either pay her nearly \$6, which is one-seventh of his pay, or apply for exemption from that payment. If a man's circumstances are such as you state, that he has nothing but his pay, that he needs \$20 for his wife and children over and above the \$32.50 which the Government gives a wife and two children—that is, \$52.50 as the minimum on which that wife and two children can live—if that is his status, and if, in addition to that, he has some fixed obligation which he has no other way to meet except through the balance of his \$40 pay, I have little doubt that the bureau would consider that it was a special case——

A MEMBER. I think we are talking at cross-purposes. The proposition I put up was that he feels that he can put in \$20 for his allotment and he wants to so place it.

Judge MACK. He can so place it.

A MEMBER. He can allot \$20 payable to his wife?

Judge MACK. He not only can but must; \$20 is his compulsory allotment for a wife and child. He hasn't any choice.

A MEMBER. Then the Government will allot this for him.

Judge MACK. The law provides how much allowance he will get in that case. The law says that a wife and two children shall get \$32.50.

A MEMBER. Then the family allowance would not exceed the compulsory allotment?

Judge MACK. That is not correct; the compulsory allotment follows the allowance. The family allowance is fixed in the law. It is \$15 for a wife, \$25 for a wife and one child, \$32.50 for a wife and two children. That is the problem that you stated. The family allowance is fixed. Now, the family allowance being fixed at \$32.50, what must the man allot to his wife and two children. He must allot the same amount that the Government gives, \$32.50, with this exception, that he can not allot less than \$15, and he need not allot more than half his pay. What is half his pay? \$20 in the case you stated. Therefore he must allot \$20 to his wife and children, and that family of a wife and two children will get from allotment and allowance together \$52.50. Now, so far it is clear.

A MEMBER. Just one point to clear it. Does a man have to take any steps to make this allotment of \$20?

Judge MACK. No.

A MEMBER. What if he does not feel that he can afford this \$20?

Judge MACK. It doesn't make any difference. If that compulsory allotment of \$20 is going to be more than he can pay he should apply by writing to the bureau for an exemption, but he is not apt to get it.

A MEMBER. It might be a good thing to persuade his wife to send him a check for \$5 or \$10.

Judge MACK. Yes; there is no objection to his wife doing that if she wants to.

A MEMBER. Does he have to apply for the allowance?

Judge MACK. That wasn't the question. The question was, What steps must he take so that the family may get this compulsory allotment? I said in the beginning, before you were here, that every man must fill out this blank whether he wants the allowance or doesn't want the allowance. Every man under the grade of commissioned officer must fill out this blank. Now, when he fills out this blank, assuming that he is filling it out honestly, we know that he has a wife and two children. Automatically that wife and two children get the compulsory allotment. That is automatic. Now, if he wants an allowance for them he must apply for that. If he doesn't apply for it and if they want it, they must apply. Now, that application is printed on the same form as this information which he must give. He can't get out of the compulsory allotment simply because he does not want the allowance or because his wife does not want the allowance. His wife, however, can say, "I waive this compulsory allotment," if she wishes to, and if she does not need that support from him, the bureau will let her waive it. Then the compulsory allotment is at an end and he can then do as he pleases with his money, except for regulations that the Secretary of War may make.

A MEMBER. While we are on this subject I would like to raise a question as to what is to be done with the fair sex, the ladies that we have in the Navy as yeowomen. There are thousands of them. If these ladies are to be treated according to the strict terms of the law they will be badly treated.

Judge MACK. They are treated exactly like men in the same position. It makes no difference, the law says expressly.

A MEMBER. On the question of allotments and the benefits to be derived therefrom.

Judge MACK. The difference is that you can not subject them to compulsory allotment. The law gives them absolute equality with the men.

A MEMBER. On the same footing?

Judge MACK. On the same footing, exactly, and in every respect. There is no difference between them. You will find enlisted men includes men or women, and wherever the term enlisted men, or men is used, it refers to men or women in the same position.

A MEMBER. Then the compulsory allotment will apply to them also.

Judge MACK. Except only compulsion as to allotment. The wife is not defined as including the husband; therefore, if one of these young women has a husband she need not make the allotment to him. [Laughter.]

A MEMBER. Suppose the husband can not take care of himself?

Judge MACK. All I can say is that the law does not compel her to make the allotment. She can do as she pleases about it.

A MEMBER. I notice that both in the law and the application blank for insurance that an enlisted man is to have the premium taken out of his pay.

Judge MACK. If he wants it.

A MEMBER. That is what I wish to know; is that compulsory?

Judge MACK. Not at all. You will notice if you read that clause "I authorize the necessary monthly deduction from my pay, or if insufficient, from any deposit with the United States, in payment of the premiums as they become due, unless they are otherwise paid." If a man does not want his premium to be deducted he can send his check to the bureau each month, or he can send it now for a year in advance, or anything else that he pleases.

A MEMBER. There is one other question that I would like to ask. It has been gone over, and perhaps everybody in the room is familiar with it, but there are some of these things that I would like to emphasize. Now, I believe it comes under the compensation feature of the law. When does this compensation feature begin and when does it end?

Judge MACK. Compensation for disability begins with the disability, subject, however, to this: That while a man is receiving pay in the service he does not get his disability compensation. It begins when both elements are there—disability and discharge from the service.

A MEMBER. Then it runs 240 months from that time?

Judge MACK. No; you are talking about insurance.

A MEMBER. It runs for life?

Judge MACK. So long as the disability lasts. If it is a disability that lasts a month, at the end of the month, if he is well again, it is stopped. If the disability begins again, it goes on. If a man has both legs off, the disability in the nature of things is permanent. From the moment he is discharged he has to be paid \$100 a month for life.

A MEMBER. One other question. I think a man is given 120 days to accept the conditions of this insurance or reject it, and in the meantime he is covered for that 120 days to the extent of \$25 a month in case of death or permanent disability. Now, does that cease on February 12, or is that continuous during his service?

Judge MACK. That depends on what you mean. If you mean will he continue to be insured if he has become totally disabled before February 12—

A MEMBER. And at that time does not desire insurance.

Judge MACK (continuing). And at that time does not desire insurance he still gets the \$25. It means that if he has not taken out insurance and has been unfortunate enough to become totally disabled before February 12 the payments will be continued for life. It means that if he dies on or before February 12, without having taken out insurance, that \$25 will be paid to his wife and children and his widowed mother as long as they live, but no more than 240 months. If, including the months that he himself receives it, all of them die before the 240 months, it ceases altogether. It means that if he becomes totally disabled on or before February 12 and he begins to get \$25 and at the end of 12 months he dies and leaves a wife, child, or

widowed mother, that the payment of \$25 a month will be continued to be paid to them as long as they live, but in that case not exceeding 19 years. That is, 20 years, including the one year he has been receiving the \$25 a month.

A MEMBER. Now, I would like to ask this question: There are a few boys over in the hospital who will probably receive their survey shortly; are they going home disabled without having the privilege of this insurance?

Judge MACK. No, sir; any man before he is discharged, while he is in active service, has a right to take out this insurance; but if he waits until he is totally disabled he can not take out insurance against total disability. He can take out insurance against his death. But if he is totally and permanently disabled before February 12, then, he won't want to take out insurance, because he is going to get \$25 a month, automatically, as long as he lives. If he is going to take out more than \$4,000—say, \$4,500 or upward—the longer he waits the more chances he takes that he will be caught without having any insurance, and the difference between \$25 and what he would have would represent a loss to his family.

A MEMBER. In section 401 the men who were in the service on the 6th day of April and have died between that time and now, it would seem that this act is retroactive for them.

Judge MACK. Yes; the families can get it. If a man has died and left a wife, child, or widowed mother they will get this \$25 as long as they live, but not exceeding 20 years; and after he has become totally disabled he will get it in exactly the same way. The act is retroactive in that respect.

A MEMBER. I would like to ask one question to supplement this. There is a man in the hospital who has been discharged. Has it anything to do with the question that the trouble originated before this bill passed?

Judge MACK. You mean as to total disability?

A MEMBER. No; partial disability.

Judge MACK. No. If these men are not totally and permanently disabled they do not get the \$25 monthly insurance, and they do not get compensation. They are taken care of under the pension laws. In other words, the pension laws are in operation up to October 6, the date that this compensation law was passed, for anything that happened before that. Those men, however, who were permanently or totally disabled or who died between April 6 and October 6 get this \$25 monthly insurance as an additional allowance to them over and above what the pension laws give; but the pension laws and the gratuity laws were in full force up to October 6. On and after October 6 they were supplanted by this law.

A MEMBER. It is not quite clear now whether or not the compensation act pays in the case of death arising in the line of duty in addition to this emergency insurance. In other words, if a man leaves a dependent wife and has been injured, and as a result dies while in the line of duty and takes out no insurance, he receives \$25; that is, his wife receives \$25 in compensation in addition to the \$25 provided.

Judge MACK. Right. In other words, the language of the act is that he will be deemed to have taken out and have been granted insurance bringing \$25; that is in addition to what she gets under the compensation article.

A MEMBER. I would like a ruling on whether or not officers who have been retired and returned to active duty—retired from active list, but put on active duty by the President during the war—are entitled to this insurance?

Judge MACK. Yes; I answered the other day that they are, and for this reason: The expression "On the active list" is not used in the law. The expression used in the law is "In the active service." Men on the retired list who have been brought back to the active service are in the active service and are covered and were intended by the use of that phrase to be covered by this law.

A MEMBER. Judge, now when we return to our cantonments, are we to encourage the writing of insurance in amounts of \$5,000 before the date of February 12 or not? Now, as I understand it, the law provides that insurance shall be given up until that date for an amount around forty-five hundred dollars without premium charged.

Judge MACK. The law does not say without premium and it does not say with premium charged. You certainly do not have to pay any premium. If a man dies, I can not answer whether the premium is going to be deducted.

A MEMBER. Well, then, am I not to understand, for instance, if I take out a \$10,000 policy to-day, I am to get the benefit of that forty-five hundred dollars?

Judge MACK. No; your premium is on \$10,000 insurance. I think it is very desirable to encourage them to take out the insurance at once, because the insurance which they take out is a great deal better than the free insurance which the Government is giving. In the first place it is payable to a larger class of people, in the second place the insurance which the Government gives them is equivalent to only forty-three hundred dollars, so that if they want to take out more than that they will get more for their money. If they want to benefit father, married mother, brother, or sister, the only way they can do it is to take out insurance, no matter what the amount, because the automatic insurance is limited to the wife, child, or widowed mother. In the next place it is not for 240 months straight, but for that time within 240 months that these three specific classes survive. The insurance that you buy is for 240 months straight, and you can leave it to the larger class. Now, of course, if you have nobody within the larger class and the whole class dies out and there is nobody at any time left, that comes within the broad descriptions of grandchild, parents, brothers, or sisters there would not be anybody to take it, but those terms are very broad, and include a good many people.

A MEMBER. May I go into that further? Suppose the man who does not want insurance for class B, but for class A, and therefore he would not be benefited, say, by taking a \$5,000 policy?

Judge MACK. He would not be much benefited.

A MEMBER. He would not be much benefited by taking that policy. Now, if he does not take any policy, he avoids the payment of the premium on the basis of six or seven dollars a thousand. It would cost him, say, for the four months, twenty-four or twenty-five dollars.

Judge MACK. Yes; and he runs the risk during that time of becoming totally disabled. Now, if all he wants is \$5,000, it is, of course, immaterial, but suppose he wants to take eventually \$10,000, and

he says, "Well, I will be satisfied with this \$5,000 now and I will take \$10,000 beginning February 12, 1918." If he should become totally disabled before that date he would get the \$25 monthly for his life, but he could not increase that amount for total disability by taking the insurance thereafter. If he should die before February 12, 1918, of course he could not increase that insurance. The \$10,000 insurance would not go into effect on February 12 if he died before February 12. His automatic insurance of \$25 monthly would be in force. But if he intends to take \$10,000 on February 12, he would better take it right away, even though it cost him a little more for a period of three and a half or four months, because if he waits he is taking the chances of intervening disability or death, in which case he will not get the increased amount that he wants. Now, if he wants only \$4,000 of insurance, he need not bother.

A MEMBER. All he would have to do if he wanted more would be to make his application dated from February 12. That would not interfere with his temporary insurance.

Judge MACK. No; he could not get his insurance from February if he dies in the meantime. You know a man can not apply for the insurance to become effective after his death. [Laughter.]

A MEMBER. I understand, but he would get it temporarily.

Judge MACK. No; here is the problem I was trying to state: It was not quite the question that was asked. A man eventually wants \$10,000 before this four months' time is up, so he says to himself, "I will take this insurance beginning February 12 and I will save that four months' insurance premium." Now, if he wants to save that four months' insurance premium he can do it, but he is taking these chances, that he may become totally disabled, or that he may die before February 12. If he does, he will get the \$25 a month, but he can not take the ten thousand insurance against total disability if he becomes totally disabled before February 12, and he can not insure against death if he dies before that time. Now, if he becomes totally disabled, he can still take his ten thousand insurance against death on February 12, but it won't give him an increase in his total disability insurance. It will become effective only when he dies; he will not get the \$57.50 for his total disability, but only the \$25.

A MEMBER. He will get the twenty-five until he dies, and the family gets the fifty-seven fifty.

Judge MACK. Yes.

ANOTHER MEMBER. In order to save insurance premium, insurance for forty-five hundred dollars between now and February 12. He wants \$10,000 insurance from now on. Can he take out two policies now, one for forty-five hundred dollars and the difference between that and \$10,000.

Judge MACK. No: the moment he takes out any policy from now on, his automatic insurance is at an end; in other words, under the law, as it is written, he can not get the automatic insurance and also get a policy for any amount at the same time. The two do not run at the same time.

The MEMBER. The thing to do is to tell them to write their policy now for as much as they want. Suppose we tell him he can take out ten thousand, and if he wants to take a thousand we can go into details and explain to him.

Judge MACK. That's just what I say. I would try to get every fellow to take out at least forty-five hundred dollars and make it effective immediately. That is much simpler; everything would be much better for the man, his family, and the bureau; but there are lots of fellows who do not want to take out forty-five hundred dollars, and when you go to those fellows you must explain. I would certainly advise the men, because that's mighty honest advice, to take forty-five hundred dollars insurance. I would be glad to have every man in the service carrying at least forty-five hundred dollars. It gives him little enough, and for his family it is the best thing, and even if he has no family it is the best thing, because after the war he may get married and have a family. You do not go astray when you advise him to take at least forty-five hundred.

A MEMBER. Is no premium required after a man becomes totally disabled?

Judge MACK. No. The moment a man becomes totally and permanently disabled his policy is due just the same as if he dies. His policy is matured, but of course it is paid out only in installments. I mean it's all owing from that moment on by the Government, and it's due in 240 monthly installments.

A MEMBER. That is not expressly stated in the bill, but inferentially.

Judge MACK. Yes; exactly. The fact that the policy matures is in itself a statement of a cessation of premiums because you do not pay for insurance that is due.

A MEMBER. Your statement, Judge, of total and permanent disability—suppose a man is pronounced totally and permanently disabled by a board of physicians, and thereafter it develops that he has recovered somewhat; would he still be considered under that condition, or would that word "permanent" come in; and if so, what is the effect?

Judge MACK. That is a problem.

A MEMBER. That's got to be settled.

Judge MACK. And I think the bureau will settle the problem liberally.

A MEMBER. Can insurance be taken out after February 12?

Judge MACK. No, sir; not by a man who was in service on October 15. A man who enters the service at any time after October 15 has 120 days from the time he enters the active service to take out the insurance. A man who was in the service on October 15 has 120 days from that time, and that 120 days ends on February 12.

Prof. LINDSAY. There is a question that can now be answered, I think. It has been asked by several men this afternoon with respect to approximately the cost of conversion of this insurance at the end of the war into endowment insurance.

Mr. Young, will you give us approximately the cost of two or three age periods, say 21, 25, and 30, if you can, of endowment insurance per thousand. I think you gave those figures the other day, but if you can give them approximately now, several men have asked how much it would cost to carry \$10,000 insurance converted into endowment insurance at ages 21, 25, and 30, say.

Mr. YOUNG. Twenty-year endowments? About \$40 a year, age 21.

Prof. LINDSAY. Forty dollars a thousand? That would be \$400 for \$10,000 at age 21?

Judge MACK. A 20-year endowment, you know, is a very expensive thing. A 20-year endowment is a great luxury. A man coming out of the Army at 25 that wants to protect himself against old age does not need anything better than a 40-year endowment, not a 20-year endowment. A 40-year endowment would cost less than \$18 a thousand.

A MEMBER. As I understand the law, there is no provision yet made that that 20-year endowment could become a lump sum or spread over 20 years. If it is spread over 20 years you are not making any money on it.

Judge MACK. Why?

A MEMBER. The remaining money for the 20 years is still on deposit. Who gets the interest on it?

Judge MACK. I don't quite catch your problem.

A MEMBER. Suppose, if you convert the policy into a 20-year endowment policy.

Judge MACK. Suppose a man is 25 when he wants to convert, and he wants a 20-year endowment policy, which is expensive and a great luxury. His policy is due when he is 45. Is that right?

A MEMBER. Yes.

Judge MACK. It is not going to be paid to him in a lump sum. Congress has provided that it shall not be paid in a lump sum, but in 20 annual installments; \$10,000 on the $3\frac{1}{2}$ per cent basis brings \$57.50 a month straight over a period of 20 years. Now, if the man lives until he is 65 he will have gotten all of that, and if he dies before 65 his family will get whatever he has not got, just the same whether it is endowment insurance or life insurance. Does that answer your question?

A MEMBER. Judge Mack, there may be cases in which men want insurance and who have no relatives of the classes prescribed. Will they be allowed to take insurance?

Judge MACK. Yes; they may take the insurance, and in case of total disability it will be payable to themselves, and in the future they may get some of those relatives that they haven't now. [Laughter.] If they should be so unfortunate as to acquire no such relatives and to have nobody whatsoever within the permitted class, and if Congress adheres to the rule laid down in the present law—which I did not favor, do not favor, and shall attempt to get changed—I can not say with what success—that man's policy would go to his Government, because he has nobody else in the world to get it.

A MEMBER. In that case, as a practical matter should we write in that situation in the policy?

Judge MACK. No; that is taken care of by the law. You do not need to write anything in the policy. If you will look at that bulletin No. 1 giving the terms and conditions and giving you a sample policy, you will find in it this statement:

“If no beneficiary within the permitted class be designated by the insured, either in the insured's lifetime or by his last will and testament, or if any above designated beneficiary is or becomes disqualified or does not survive the insured, the insurance (or if any above designated beneficiary shall survive the insured, but shall not receive

all the installments, then the remaining installments) shall be payable to such person or persons within the permitted class of beneficiaries as would under the laws of the insured's place of residence be entitled to his personal property in case of intestacy."

Now, the man can change that whenever he pleases, because he can change any beneficiary whenever he pleases, and he can tell the department "I said my wife shall get it, and then the next of kin shall get it. My next of kin will be my children and I do not want my children to get it. I want my property to go to somebody else if my wife dies or after she dies." He can change that whenever and as often as he pleases, but if he then dies and his wife dies before him and he has no next of kin within the classes permitted under the law, and there is nobody therefore who can take the insurance under the law, the insurance falls to the ground and the Government does not have to pay anybody; except only this, that if he has converted his insurance, and if therefore he has a kind of insurance that he could have sold out to the Government the day before he died—what we technically call insurance that has a reserve value, an insurance that has a cash surrender value, an insurance that does not eat itself up as a term insurance does, an insurance in which there is something more than insurance by the year, in which you make an investment for the future—and that is the kind of insurance which it will be converted into—if that is the kind of insurance that he has, his estate will be paid the whole reserve value; his estate will get whatever he could have sold out for before his death. That is the only value of the policy if there are no beneficiaries within the class.

A MEMBER. When the policy is first gotten for the man who has no relatives, could he write down in the blank the name of the beneficiary in the blank left for the name of the beneficiary that fact?

Judge MACK. Write down nothing in that. If he does not want to designate anybody he does not have to, because the printed part of the policy says that it goes to his next of kin, and if he hasn't any next of kin at his death, then it automatically goes to the Government, because there is nobody the Government has obligated itself to pay.

A MEMBER. A number of men have not been able to give their ages to me. How would we handle that situation? They don't know when they were born nor where.

Judge MACK. The only thing that you can do in those cases is to get their best judgment as to their ages and to have them endeavor the best they can to get their ages, and advise them to give them a little too high rather than too low, because if they give them too low and it is afterwards determined that they have given them too low and they die, they would only have the amount of insurance that the sum that they paid would buy at their proper age. Suppose it costs twice as much at age 40 as it does at age 20, and suppose a man says, "My age is 20," and he pays, say, \$7 for \$10,000 instead of paying \$14. Now, that man afterwards is discovered to be 40 instead of 20; and they would get only \$5,000 of insurance instead of \$10,000, because that is all that \$7 would have paid for. I give that as a striking and impossible example to illustrate merely that it is wise for the man who doesn't know his age or the date of his birth—and

there are plenty of those men—it is much better to give his age too high than to give it too low.

A MEMBER. Suppose a man is permanently, though not totally, disabled. He must pay the full premium regardless of his reduced earning capacity?

Judge MACK. Yes.

A MEMBER. I notice in the application for insurance that we authorize the necessary deduction from our pay. Now, in case we decide not to carry that insurance, what is necessary, written notice?

Judge MACK. Yes.

A MEMBER. That is sufficient?

Judge MACK. Yes. A man can send in notice to the War Risk Bureau, "I do not want your insurance any more." That ends it.

A MEMBER. Judge Mack, you stated that it would be unnecessary in the event of a man with no dependents to put anybody in as a beneficiary in the application.

Judge MACK. He does not have to put in anybody if he doesn't want to. He can always put in somebody afterwards, because, as I said before, we have already put in somebody for him. We have put in the class that would be entitled to his insurance in case he died intestate.

A MEMBER. I understand that, but wouldn't that create an impression in the mind of the bureau that the applicant has made a mistake by failure to state dependence. Wouldn't it be better to make an explanation of the fact that there was no beneficiary rather than send it in blank?

Judge MACK. I think not. The bureau might want to ask in those cases, but I think it would be better to take it up as an individual matter. As Mr. De Lanoy says, as to enlisted men, he would get the information from his allotment blank.

A MEMBER. Of course you would not have that as to an officer.

Judge MACK. You see the man insured in that case would get a copy of his policy and he would find that there was a blank there and if he wants to correct that all he needs to do is to send in word of his mistake.

A MEMBER. I would like an interpretation of the Government allowance relative to class A and class B. Take a man getting \$30 under class A; he has deposited \$15. Now, for one additional dependent in class B, he has to allot one-seventh of his pay. Suppose he has two or more dependents additional in class B. Would he have to allot one-seventh for each of those in class B?

Judge MACK. No. The total allotment to class A need not exceed one-half of his pay. The total allotment of class B need not exceed one-half of his pay if he is making no compulsory allotment to class A. If he is making a compulsory allotment to class A of one-half of his pay, he must then, if he wants to get an allowance for class B, make an allotment to class B. It will not be to each person in it, but it must not be less than \$5 a month and it need not be more than one-seventh of his pay. That is the most, but that would be in addition to the half pay that he allots to class A. If this is not clear under the law, it will be made so by regulation.

A MEMBER. In a case of this kind which is liable to come up, a man enters the service and has no dependents. His mother and father and sisters are living. The father dies during the term that

he is in the service, and in order for his mother and sister to approach the standard of living that they did prior to his term, it will be necessary for that man to contribute. Would it be possible for him to continue under that class B and then get the Government allowance?

Judge MACK. I said in answer to that same question on Tuesday that that is going to be a question of interpretation by the bureau. I believe the bureau would have a right, and if they have the right I have no doubt that they will exercise it by giving a liberal interpretation to those words that the relatives of class B must be dependent upon the man and that the amount to be given shall not exceed the amount habitually contributed by him during dependency. Now, there is one case, the case you put, which is not covered by the express letter of the law. It was covered by the express letter of the law, as has been pointed out, with reference to compensation of a widowed mother, who must also be dependent. In reference to a widowed mother the law says that she must have been dependent, or the situation be such that she would have been dependent upon him. In other words, if at the time of his death there is no widowed mother, but if in the next month the father died, so that the second month he has a widowed mother, inasmuch as the amount to be paid is to be determined month by month, that widowed mother would receive compensation provided she is dependent upon him. But of course she can not be literally dependent upon a dead man. Therefore the language was put in "Or would have been dependent upon him." Now, if the family relation is such that she would have been dependent upon him in life, as, for example, if he were the only son of a father who had died, then she can get that compensation under the compensation clause. Now, under the allotment and allowance section the words used are not "would have been dependent upon him" or "that the amount that he would have contributed if he had contributed anything because of the dependency," but the statement is "the amount that he habitually contributed during dependency." My judgment is—I can not answer positively, because I am not going to be the attorney for the bureau—but my judgment is that those words can be fairly interpreted to mean the same as the language used in the compensation section, namely, that if there is such a condition that the mother would from month to month be dependent upon him, that then she can get what he normally would contribute during dependency to her, and that would have to be a question to be determined from all the circumstances of the case. I do not say that this interpretation can be made. I do not know. It is one of the questions that will have to be determined by the bureau in the future.

A MEMBER. Suppose a man has been discharged from the Army. Of course, after the war he converts the policy. It is left optional on his part the form he prefers. Through misfortune or otherwise, remuneration for his labor in case he is dependent upon his labor ceases. Is there some provision made whereby he can deposit this policy until he can take up the payments again?

Judge MACK. No; payments are obligatory in an insurance policy.

A MEMBER. They act as their own collateral, do they not?

Judge MACK. This is the theory of insurance. You are insuring for the time being and you pay for the time. The regulations have allowed you a period of grace. In the first place, in private companies they always require you to pay in advance. The Government

has said, "We will trust you until the end of the month." The Government says, "If necessary, we will trust you another month. We will give you 30 days of grace in which to pay." Now, under this term insurance, just because it is term insurance, just because, as I said, it is like fire insurance, from month to month, at the end of the month there isn't anything left. You have had what you paid for, namely, the insurance, and there isn't anything left there that belongs to you, so there is nothing that you could borrow from the Government. There is nothing that the Government could use to protect you if you failed to pay after that, but they are willing to protect you an additional month notwithstanding that.

Now, if you have converted your policy into one of the other forms, these other forms give you more, for this reason, that in addition to buying protection from month to month you are also buying an investment. You are building up something for the future. Now, in an endowment policy you are building up a great deal for the future. You are making a pure investment in addition to buying insurance.

But even in an ordinary life policy you are building up something for the future which in your younger days is an investment. I tried to explain that life insurance is founded on this. You contribute the annually increasing amount you ought to pay for the risk that the insurer runs in carrying you, because as you grow older the chances of your dying increase. Now, the converted policy would not be of that kind. The converted policy will be the kind that companies ordinarily issue. We will take the cheapest form, ordinary life. You are going to pay the same amount during your whole life, but to pay the same amount during your whole life means that in your younger days you are paying more than the cost of the insurance, and in your old age, you are paying less than cost. If it costs to carry \$1,000 \$8 and you are paying \$15, what is that \$7 that you are paying? I will explain to you what that is. That \$7 put away and earning $3\frac{1}{2}$ per cent compound interest will represent the amount that the company will need in your older years to make up the deficiency cost. We will say that to-day it costs to carry you \$8, and you are paying \$15. The day will come when it will cost \$20 to carry you, still you will pay only \$15; in this way the company can afford to carry you for the same amount each year. In your younger years you pay more. In your later years you pay less. If you live longer than the average of your age, it will cost you more than the companies and you expect. If you die earlier, then it costs the company more. All insurance is based upon the fact that on the average the men insured are going to live at least a certain number of years. In fact the companies have taken a low period and their policyholders are going to live longer than that on the average and that explains the profit.

MEN IN TRAINING CAMPS.

Director DE LANOY. Gentlemen, in the matter of members of training camps, officers' training camps, they are under the act and may therefore apply for insurance before they are discharged from the camps. Those who do not get a commission, however, must arrange to pay premiums after leaving the camps, to the War-Risk Bureau, as naturally insurance lapses if payments are not made. Men who have taken out insurance and who receive commissions must notify the Bureau of War-Risk Insurance, so that proper entries of rank, com-

pany, and regiment may be made on their policies, and arrangements made for deduction of premiums from their pay. Men in these training camps are subject to compulsory allotment and their families entitled to family benefits. Unless their families apply for it, men in the present officers' training camps are exempted from the compulsory allotments in view of the fact that the camps terminate on November 26. Men in the training camps are entitled to compensation under the act, and regulations will be made along these lines by the bureau.

ALLOTMENT AND ALLOWANCE FORMS.

Judge MACK. Now, gentlemen, let us take up this allotment and allowance blank.

A MEMBER. I want to call attention to what might be misunderstood in the blank. The voluntary allotments are now, of course, paid by the various bureaus, Navy Department, etc. Now, on these blanks here it says that allotments must be made unless a special exemption is granted by the bureau.

Judge MACK. That is what I am going to explain, because the instructions are on the opposite side, and the instructions explain all of that. But I am going through the instructions first to call your attention to it.

The first thing is the penalty. I call your attention to that. The men must know that if they are going to lie willfully about the filling up of these blanks it is a serious matter. In connection with that let me turn to the other side: "My full name is," "Home address," "Date of birth," "Age nearest birthday." Now, of course, if a man does not know, he ought to say, "As near as I know; as near as I can judge," or something of that kind. "Present rank," "Present station," "Date of enlistment."

A MEMBER. Current enlistment, time drafted into the Federal service?

Judge MACK. The date of draft into the Federal service; yes. Of course that isn't so important for the men who are in at the present time. That is important for the men that come in after this act goes into effect. It is simply a question of the date from which these things begin, and all the men who are in on the 6th of October or 1st of November will be affected as to the allotments anyway.

Now, note the next. This is his statement:

I hereby certify that the following-named persons and no others come within the class of my wife, former wife divorced, or child as defined in the act, and entitled thereunder to compulsory allotment, and that the information stated opposite their respective names is correct. (If as to any of these there is no person so related to you, write "None" in the name column.)

Now, the point about that is we want to know whether a man has these people; and if so, the information in regard to them; and if not, we want him definitely to say that he hasn't any. We don't want him to come back afterwards and try to sneak out of that by saying, "I did not say anything. I did not deny that I had a wife. I simply did not give her name." We want a positive statement, and we have told you how to get that positive statement. I do not mean to say that he has got to write "None" a half dozen times. He can make a bracket there, signifying wife and children or use ditto marks or write "None" as to all of them. It is immaterial, but we want the information in the answer—yes or no. He has or he has not;

and if he has not, we want him to say so. If he has, we want him to give the information.

Now, to go back to the other side. "Form 1 is to be filled out for each enlisted man in the military or naval forces of the United States ('enlisted men here means either a male or female')"—that answers the question as to the yeowomen—"enrolled or drafted into active service and includes noncommissioned and petty officers and members of training camps authorized by law."

Of course where we say "Date of enlistment" they can say the time they went in.

A MEMBER. They have enlisted for three months.

Judge MACK. Before going into the training camp?

A MEMBER. They enlist for the period of the camp.

Judge MACK. Then they are enlisted men; that answers that.

A MEMBER. This is to be filled out in ink?

Judge MACK. Yes, sir.

A MEMBER. I would like to call attention to what is a serious omission on this blank. There is no place to give organization.

ANOTHER MEMBER. No soldier is permitted to sign any paper in the Army without putting his rank afterwards, so that when he signs at the bottom of a page he will always put his rank underneath.

Judge MACK. Then when he signs his name, you have all the information.

A MEMBER. It says here, "I hereby make voluntary allotments in addition to compulsory allotments, as follows." It seems to me that that should be in the first part where he makes the compulsory allotment, because, if I understand you, if he gave \$20 a month to his wife before he made this allotment the Government will only give him \$5. He gives \$15, and the Government gives him \$5. That is how I understood you.

Judge MACK. Wait; you have a total misunderstanding. Let me get it clear. Others may have the same understanding. I was talking about the divorced wife, not about the wife. What you understood about the wife referred only to the former wife divorced. I said as to the former wife divorced, that the highest amount that she could get was the amount of the alimony. Up to that she can get the same as a wife, and has both an allotment and an allowance. But if the allotment alone is sufficient to pay the order, the amount of her alimony decree, then she does not get any allowance. She can not get more than her alimony decree provides that she shall get, and the allotment must be used first and then the allowance. That is, if the allotment is not used by the present wife and children.

Judge MACK. A wife and children are absolutely entitled to the allowances that are fixed in the bill. The only way they could be deprived of them would be if they waived them or if the Government for some reason exempts a man and takes away the allowance. Otherwise the wife and children get the amount fixed by law. Moreover, the man must give them the allotment in addition to what the Government gives them; that is compulsory.

A MEMBER. He must also fill out, then, this bottom blank about allowances.

Judge MACK. Certainly; because they get the allowance only on application. A woman, even a woman and children, do not get the

allowance unless the application is made for it. They get the allotment, but not the allowance unless an application is made for it. That application may be made by the man; it may be made by the woman herself; it may be made by the children; it may be made in their name and on their behalf by anybody else.

A MEMBER. I know of a case in our company where a man was married last year in November, say, and he and his wife parted in the spring. He knows that he has got a wife, and he knows that his wife was pregnant when she left him, but he does not know her whereabouts.

Judge MACK. He had better give as much information as he can. Under those circumstances he had better say that her last place of residence was so-and-so. The last he heard of her was so-and-so, and that he may have a child and that he may not. The last he knows was that she was pregnant, and that she left him at such and such a time and at such and such a place. That would give sufficient information to investigate; but he must give the best information that he can. If he can not give exact information, let him state that it is not exact. Let him be honest; that is the main thing. Let us keep on with this form.

The first thing is the relationship, wife, child, and divorced wife; then the post-office address, date of birth. They want to get the ages, the ages of the children; not the age of the wife or of the divorced wife. That isn't material. It is the ages of the children that is material, because the children do not get these allowances after they have reached the age of 18 years unless they are insane, idiotic, or permanently helpless. Therefore you will find, turning back to the instructions, that "child" includes certain people, and you will find that if any child is permanently helpless you should write in the remarks column, "helpless." The reason for that is that if the child is over 18 and is still helpless the allowance goes on. If the child is 18 and is not permanently helpless, then the pay as to that child ceases.

Of course, if the children are married they do not get the money, and therefore the question is asked as to whether they are married or not. And so if a divorced wife has remarried she does not get anything. It is only until she remarries; and the amount payable monthly by court order must be given, showing what she is to get.

Now, the reason for other information is noted in the instructions. "'Child' includes child legally adopted before April 6, 1917, or more than six months before enlistment, whichever date is the later." That is, if a man enlists on October 20, and he had adopted a child six months before he enlisted, that would be April 20 instead of April 6, that child would come within the act. The point about it is that Congress did not want a man to adopt a bunch of children in order to get allowances for them. So a period of six months before enlistment was fixed. If a man had adopted children before that time they are just as much entitled to his allowance as if they were his own children. So, too, a stepchild, if a member of his household, is the same as a child; and certain illegitimate children, too. The law states the exact situation as to illegitimate children. They must be, or must have been, acknowledged in writing by the father, or a court must have ordered him to contribute to their support.

A MEMBER. You need to put nothing for them but "Ack.," if you have acknowledged or are willing to acknowledge them.

Judge MACK. That is all.

A MEMBER. Is it correct that this blank is the only blank to be filled out for allotment and allowance?

Judge MACK. Yes; both in one.

ANOTHER MEMBER. Suppose I started to fill in this blank. Under the head of pay, we will say \$30. Now, besides a wife and child, we will say he has a grandmother or mother. Would he put in the column of allotment anything in that case?

Judge MACK. If he wants to allot to her.

A MEMBER. He must allot \$5, must he not?

Judge MACK. It is not a question of what he must allot, it is a question of what he wants to allot; the sum total of what he wants to allot each one, and if he wants to he can add an allotment for the wife and children over and above the compulsory allotment.

A MEMBER. Would the bureau pay that?

Judge MACK. Yes; it will deduct it from his pay if that is sufficient.

A MEMBER. I thought these outside matters would be deducted by other departments.

Judge MACK. No; by the bureau.

A MEMBER. Suppose he wants to give \$5 to his grandmother and \$5 to his mother; that is \$10. That being the case, the bureau would send to the mother \$15 and \$15 to the grandmother.

Judge MACK. What do you mean by saying the bureau would send it?

A MEMBER. He makes an arrangement to send some money to these people. How much will the bureau send?

Judge MACK. How much additional allowance will it send?

A MEMBER. I know what they are going to send to the wife. They will send \$40 to the wife and child. Now, he wants to make an arrangement to send \$5 to the mother and \$5 to the grandmother.

Judge MACK. The mother and grandmother together will get a check for the \$5 allotment apiece, which makes \$10, and \$20 from the Government, which makes a total of \$30 for mother and grandmother together.

A MEMBER. Who will get that check, the mother or the grandmother?

Judge MACK. Each will get a check; the mother will get at least \$5 and the grandmother at least \$5. I should say that each would get \$15.

A MEMBER. Is there any special form of application for allowance and allotments?

Judge MACK. That is what you have before you.

A MEMBER. I mean for the beneficiary.

Judge MACK. No; this goes to the Government. The form for the beneficiary to sign is not yet prepared.

A MEMBER. Is one to be attached to this?

Judge MACK. No; this goes out to the man. Of course, the example that you gave did not call for more than \$50 from the Government. I only want to repeat that the Government does not add over \$50 under any circumstances.

Now, coming back to the form, you see the statement that the allotment of pay is compulsory. The instruction sheet tells the reason and the amount of the compulsory allotment.

Then comes the statement that I went over with you this morning, that marriage will be conclusively presumed if the man and woman have lived together in the open acknowledged relation of husband and wife during two years before this time. Of course, there ought to be added, "unless you have a husband or wife living."

A MEMBER. A question in regard to that: What form of such proof is to be presented, and at what time? In other words, are you to submit such proof of marriage at the time you make your allotment, or would that develop from investigation?

Judge MACK. That would develop from the investigation. Your statement will be sufficient *prima facie*.

A MEMBER. Judge Mack, my understanding is that this blank is also to be filled out by commissioned officers for the compensation.

Judge MACK. Can you fill out anything for compensation before you are injured? When you are once injured, a blank will be supplied. Give the full name of a wife or mother in the form of "Sarah Jane Smith" instead of "Mrs. John William Smith."

Then comes the statement:

These allotments may be waived upon written consent of wife or divorced wife, supported by satisfactory evidence as to her ability to support herself and children.

You may allot whatever you wish from your pay remaining after deducting the compulsory allotments, if any, to such person or persons as you direct, subject, however, to regulations prescribed by the Secretary of War or the Secretary of the Navy.

Allotments are not compulsory toward the support of parents (including grandparents and step-parents, whether of the man or of the wife), grandchildren, brothers, and sisters, whether of the whole or the half blood or through adoption, or stepbrothers and stepsisters, but must be made, unless special exemption is granted by the bureau, if you want them to get a Government allowance. In that event your allotment to them must equal the Government allowance stated below except, first, that you need not allot to them more than half your pay, and, second, that you must allot to them at least \$5 a month, or one-seventh of your pay, whichever is greater, if you are allotting to wife, divorced wife, or child, and at least \$15 a month if you are not allotting to wife, divorced wife, or child.

A MEMBER. The yeowomen—if they make an allotment to parents, will the Government add to that?

Judge MACK. Certainly. I said this morning that they are going to be treated exactly as men would be treated under the same circumstances. Now, if a man makes an allotment to his parents and that allotment is less than he has been habitually contributing, the Government will add to the extent of \$10 to one parent and \$20 to two parents and \$5 to each additional.

Judge MACK (reading):

If one-half of your pay is not allotted, regulations by the Secretary of War or Secretary of the Navy may require that any portion of such of your half pay as is not allotted shall be deposited with interest thereon to your credit.

Family allowances according to the amounts in the following schedule will be paid by the United States to your wife or child while you are making compulsory allotments to them.

The monthly allowance, however, shall not exceed \$50.

The monthly allowance to a former wife divorced shall be payable out of the difference, if any, between the monthly family allowance to a wife and children and the sum of \$50.

For a wife living separate and apart, under court order or written agreement, or to a former wife divorced, the monthly allowance together with the allotment, if any, shall not exceed the amounts specified in the court order, decree, or written agreement to be paid to her.

For an illegitimate child to whose support the father has been judicially ordered or decreed to contribute, it shall not exceed the amount fixed in the order or decree.

NOTE.—The amounts of the allowances to others than wife, divorced wife, and child will be paid only if they are actually dependent upon you and, added to the allotment, shall not exceed the average sum habitually contributed by you to their support monthly during the period of dependency but not exceeding a year immediately preceding your enlistment or October 6, 1917.

If any allowance is paid to wife, child, or divorced wife, the total allowance to be paid to the other stated dependents shall not exceed the difference between the total allowance paid to wife, child, and divorced wife and the sum of \$50.

That means that \$50 is the most that the Government will pay under any circumstances.

After you have that compulsory allotment part filled in, then the voluntary allotment, and the relationship to the man, whether it is his father, mother, sister, or brother, whoever it may be, you will read, "Upon the basis of the foregoing information, which I hereby certify to be correct, I hereby apply for allowances for the following persons." Here he inserts the names of the persons for whom he wants the allowance—wife, children, divorced wife, father, mother, brother, sister, or grandchild.

A MEMBER. May I ask one question: What are you going to do when you can not reckon what the average contribution was?

Judge MACK. You should reckon the best you can. Suppose a man has an old mother living in his household. He did not give her cash. He keeps it in the family. What is that board and living worth? He must make an honest determination of what that is worth.

A MEMBER. Just what we think would be the amount that it would cost. There is no criterion to decide by.

Judge MACK. I can't give you any. I don't know of any.

A MEMBER. If a man gets \$100 a month, now, he will have to allot \$25?

Judge MACK. He may have to allot \$50.

A MEMBER. To wife and children?

Judge MACK. That is all.

A MEMBER. He doesn't have to allot \$45, just \$25, to a wife and one child?

Judge MACK. Quite right.

A MEMBER. Then his wife would get a check for \$50. Now, he has got a mother and grandmother, and he has got \$15 to pay if he wants to give each one \$25, and he puts that down here. That being the case, the Government would not add anything?

Judge MACK. It will add to that if he has been giving them more than \$25 before.

A MEMBER. He only gave them \$10.

Judge MACK. Then the Government would not add anything.

A MEMBER. The War Insurance Bureau will send that allotment to grandparents, will they?

Judge MACK. Yes.

A MEMBER. The reason I asked that is because the various departments do that now.

Judge MACK. That is a matter that is going to be recommended.

A MEMBER. Then the allotment is made through this bureau.

Judge MACK. He makes it on this blank. They will attend to how they send out the checks. The commanding officer need not bother about that.

A MEMBER. On the allotment formerly in use regulations formerly required that they be witnessed by the company commander.

Judge MACK. Yes.

A MEMBER. Now, these can be witnessed by anybody. Do I understand rightly?

Director DE LANOY. They should be witnessed by the company commander.

A MEMBER. What will become of the allotments that are now in force?

Judge MACK. Well, the allotments that are now in force will be subordinated to those that are made in this blank, and if a man wants this to take the place of it, all he needs to do is to revoke the allotment now in force. Any man can revoke allotments that he has made. Now, if he wants both of them to be kept up they can be. If he wants to revoke them, he can.

A MEMBER. I would like to ask a question. There has been something said about officers making allotments. That is not covered under this bill.

Judge MACK. That has nothing to do with this bill. Another law provides that they may make allotments, but that has nothing to do with this bill.

A MEMBER. In the right-hand corner is a place for approval by the War Department. Now, if these forms go out to different branches of the Navy they may think it doesn't apply to them.

Judge MACK. That will be changed to War and Navy Departments.

A MEMBER. If I may ask a question about this allotment: Suppose a man is getting \$50 a month and has a wife. He is entitled to allot \$15 or \$20 in his case. Suppose he has a voluntary allotment now in force under which he is liable to \$40 to his wife. That allotment automatically stops under this legislation.

Judge MACK. Not unless he revokes it. The \$15, \$20, or \$25 would be assumed to be part of the \$40.

A MEMBER. Then if he fills this out and puts \$40 down here she gets the allowance just the same?

Judge MACK. Yes, she gets the allowance anyway; he asks for it.

A MEMBER. He does not have to make two allotments?

Judge MACK. He doesn't make the allotments. That is compulsory. If he wants to make an additional allotment, let him put his wife's name down again.

A MEMBER. The present allotment will stop?

Judge MACK. Yes.

A MEMBER. Mr. De Lanoy said this morning that the old allotment would be fused with the new. He allotted \$20 to his wife and now under the bill she would receive \$15 half pay.

Judge MACK. Yes, that is true; if you had heretofore allotted \$20 and fill out this form, your compulsory allotment would be taken as part of that \$20, if you say \$20 is the total that you want to allot. The way to do it is this: If he has a wife and no child, his compulsory allotment is \$15. Now, in the space for additional voluntary allotments he will put his wife down for \$5—that makes \$20 in all out of his pay.

A MEMBER. And no other action on the part of the soldier necessary?

Judge MACK. No. He says, "I make this allotment in addition to the compulsory allotment," if any. He need not as to his wife and children fill out the habitual contribution column. That is only as to other dependents. But if he wants his wife to get more than the \$15 that he is compelled to allot, then he fills in this amount for the additional allotment that he wants to make.

INSURANCE APPLICATION FORM.

This question has been raised: If a man takes out his insurance now, he has to pay for October; if he waits until the 2d of November, he does not have to pay for October. That is true; but it evens itself up in the long run. If a man wants to take the chance of being killed any day, he can do so.

A MEMBER. If he takes it out now, he is only charged for the proportion, isn't he?

Director DE LANOY. He will have to pay for the full month.

Judge MACK. But insurance is due from the moment you take it out. Suppose a man takes it out to-day. The only difference is that instead of getting 30 days credit he gets 15 days. He does not have to pay any more. That carries him not only for the half month already passed but the half month in the future. While he pays at the end of the calendar month, he is paying in the middle of his insurance month. He will never have to pay more than the amount for that month, because the insurance goes from month to month. His premium advances at the thirteenth monthly payment.

A MEMBER. While we are talking insurance, will you tell us about the beneficiary on this application. Suppose a man puts in his wife and his children. In case of the death of his wife and at the same time his, or following his own death, how would it go? Suppose the wife and child are both alive; does it go to one or both?

Judge MACK. I ought to have told you this. Now, you see, there is room there for three, four, or five different names and the amount of insurance that you want each of them to get. Now, suppose you want your wife to get it all. Suppose you have children. You really need not say anything about your children if you want your wife to get it all at first, because if you were to die your children are your heirs; they are the first people to come in after your wife. Suppose you want your wife to get half and the children half; put down your wife for \$5,000 and your children for the other \$5,000, and then two policies would be issued, one to the wife and one to the children, jointly, and to the survivor of them.

A MEMBER. Suppose you wanted it all to go to the widow, if she is alive, and in the event of her death to your brother?

Judge MACK. Would your brother be your natural heir, or would he not?

A MEMBER. No; he might or he might not, in accordance with other relatives.

Judge MACK. After your children come your brothers and sisters, according to the law of some States.

A MEMBER. You can have three or four brothers and sisters alive, but want one to get it.

Judge MACK. You could put him in as a contingent beneficiary if you want to.

A MEMBER. That is just what I did do.

ANOTHER MEMBER. You stated that the wife would get the policy. Would the policy be sent to the beneficiary or to the insured—the policy itself?

Judge MACK. It will be sent to the man unless he names someone else.

A MEMBER. A little while ago you stated that in the case of death of the soldier and there were no heirs in the two classes A and B the insurance reverted to the Government. Is that correct?

Judge MACK. Well, I didn't put it quite that way. I don't know just what you mean by A and B.

A MEMBER. The beneficiary named in the policy.

Judge MACK. Yes; in case there was no beneficiary who came within that class.

A MEMBER. Then, how would you interpret this part of section 402, "If no such person survive the insured, then there shall be paid to the estate of the insured an amount equal to the reserve value"?

Judge MACK. I will explain that. I explained that this forenoon. I explained it in this way: That after a man converts his policy, the kind of policy he gets has a reserve value, and I explained that there would be paid to the estate of the man, even if he left nobody within the class, the amount for which he could have sold it to the Government the day before he died, and that is the reserve value or surrender value. This is the amount which I explained this morning the Government saves up for him. That is the reserve value. In the term insurance there is no reserve value; in the convertible there is. Now, if he dies and leaves nobody entitled to his insurance, his estate will get that reserve value and the rest will not be paid.

A MEMBER. I want to ask: There are two limits that have been specified, two compulsory limits—one is not less than \$15 and the other is not more than half your pay. Now, won't that be covered largely by the number of dependents?

Judge MACK. Altogether by the number of dependents; because the allotment is equal to what the Government gives subject to these two limitations. Now, suppose the Government gives \$32.50 to a wife and two children. That means the allotment must be \$32.50. But there are two limits. It can't be less than \$15. But it can't be more than half his pay. So that if he gets \$40 pay he must allot \$20.

A MEMBER. Then a man, if he has a wife who wants an allotment of \$15 from the Government, only has to put up \$15, irrespective of the requirements?

Judge MACK. There is no other requirement. The requirement, subject to these limitations, is that he put up what the Govern-

ment allows. The Government puts up \$15 and he puts up \$15. Take the case of a \$30 private who has one child, no wife. The Government puts up \$5. What must he put up? He must put up at least \$15 and at most \$15. He equals the Government allowance but with a minimum of \$15. And even if he had \$50 pay he would have to put up only \$15 and the Government \$5 for that one child; but he could voluntarily allot more.

A MEMBER. In the case of an allotment of a man who has no wife or children, but has another to whom he wishes to send a sum of money, what is necessary to be done?

Judge MACK. Then he makes a voluntary allotment and he doesn't ask for any allowance. He wouldn't get it, anyway, except for a member of class B.

A MEMBER. Should the Secretary of War or Secretary of the Navy provide regulations for compulsory deposits in an outside fund, would it have to be refunded in monthly payments by the Government?

Judge MACK. No; there is no basis for that.

A MEMBER. I want to present the following resolution:

We, the members of this conference, express our deepest appreciation of the efforts and kindness of the officials and their associates who have so patiently presented, explained, and discussed the various matters pertaining to this conference.

We present that as a slight testimony of our appreciation of your efforts.

Judge MACK. Now, gentlemen, on behalf of my associates as well as myself, of course, I acknowledge your expression and I want to repeat what I think I said—if I did not say it, I ought to have said it at the outset of my remarks on Tuesday—that I can never be thankful enough for the real privilege that came my way in having been given this sort of an opportunity, an opportunity that accords so fully with my personal wishes. If I had been asked to choose the sort of war service that I should like to perform, it would have been just this sort of service. No man deserves, no man wants thanks for what he is doing in connection with this war. Each one of us is endeavoring to do the best he can, ought to be endeavoring to do the best he can in whatever field he has been called or has volunteered or has been drafted into the service of his country. We are all fellow workers for the same cause. One is doing one thing, the other is doing the other. Our end and object is the same—to make our side prevail, in order that civilization may be bettered, in order that the opportunity for every man on the face of the earth may be increased, in order that democracy may prevail. And the full spirit of democracy at home would never prevail if the whole people failed to give at least a reasonable measure of justice to each one within his sphere. This act is intended, as I said at the outset, to grant that reasonable measure of justice to those of you who are going to encounter the risks that you are facing, that you will face on behalf of your fellow citizens and on behalf of the world. It has been a very great pleasure to me, a tremendous inspiration for me to be able to be with you, and I am sure that I shall be excused for departing from my official duties on the bench, the position in which

I am appointed primarily to serve my fellow citizens, in order that I might be able to help along in the understanding and in the administration of this particular act.

I express to you thanks on behalf of the Treasury Department, although I am not authorized to speak for it. I have nothing to do with the Treasury Department, except as a volunteer. I wish, on behalf of your fellow citizens generally, to express to you their thanks for the work that you are going to do for your fellows in the Army and the Navy as the result of the information that you will take with you from these three days of conference here.

I trust that the whole proceedings have been mutually helpful and mutually stimulating. I know that from our side they have been greatly so.

Director DE LANOY. Now, as far as the director is concerned, the big task is ahead of him. I want you to feel that you can come to me personally or by letter. I stand here, and will continue to do so, with an open mind. I want all the suggestions, all the help, you can give me. Please be patient. I will do my best.



